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# FIRST REPORT

UNDER

# THE ACT OF MARCH 11, 1941

(Lend-Lease Act)

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# FIRST REPORT UNDER THE ACT OF MARCH 11, 1941

(Lend-Lease Act)

# **LETTER**

FROM

# THE PRESIDENT

TRANSMITTING

REPORT



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# LETTER OF TRANSMITTAL

To the Congress of the United States.

Section 5 (b) of Public Law No. 11, Seventy-seventh Congress, approved by me on March 11, 1941, provides in part as follows:

"The President from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose."

In compliance with this provision, I am submitting this report.

We have supplied, and we will supply, planes, guns, ammunition, and other defense articles in ever increasing quantities to Britain. China, and other democracies resisting aggression.

Wars are not won by guns alone, but wars are not won without guns. We all know this full well now. Beginning with the outbreak of the war, the American public began to realize that it was in our own national interest and security to help Britain, China, and the other democratic nations.

Beginning with the outbreak of the war, British and French orders began to be placed. But dollars could not be immediately turned into airplanes and ships and guns and ammunition.

In those dark days when France was falling, it was clear that this Government, to carry out the will of the people, had to render aid over and above the matériel coming off the assembly line. ernment, therefore, made available all that it possibly could out of its surplus stocks of munitions. In June of 1940, the British Government received from our surplus stocks rifles, machine guns, field artillery, ammunition, and aircraft in a value of more than 43 million This was equipment that would have taken months and months to produce and which, with the exception of the aircraft. cost about 300 million dollars to produce during the World War Most of this matériel would not have been usable if we had kept it much longer. This equipment arrived in Britain after the retreat from Dunkirk, where the British had lost great quantities of guns and other military supplies. No one can appraise what effect the delivery of these supplies had upon the successful British resistance in the summer and fall of 1940 when they were fighting against 20. 824 17 E such terrific odds.

Since June 1940, this Government has continued to supply war matériel from its surplus stocks, in addition to the matériel produced by private manufacturers. The 50 over-age destroyers which Britain received in exchange for the defense bases were a part of the aid supplied by the Government.

By the turn of the year 1941, the British commitments in this country for defense articles had reached the limit of their future dollar resources. Their striking power required the assurance that their munitions and equipment would steadily and certainly be augmented, not curtailed.

The will of our people, as expressed through the Congress, was to meet this problem, not only by the passage of the Lend-Lease Act, but by the appropriation of 7 billion dollars made on March 27th of this year to carry out this task.

In the ninety days since the Lend-Lease Act was passed, and in the seventy-four days since the funds were appropriated, we have started in motion the vast supply program which is essential to the defeat of the axis powers.

In these seventy-four days, more than 4½ billion dollars out of the 7 billion dollars have been allocated to the War, Navy, Agriculture, and Treasury Departments and to the Maritime Commission to procure the aid authorized. Contracts have been let for long-range bombers, ships, tanks, and the other sinews of war that will be needed for the defense of the democracies. The balance of less than 2¾ billion is being rapidly allocated.

To be effective, the aid rendered by us must be many-sided. Ships are necessary to carry the munitions and the food. We are immediately making available to Britain 2 million gross tons of cargo ships and oil tankers.

But this is not enough. Adequate shipping for every day to come must be reasonably assured. Since the Appropriation Act was passed, 550 million dollars has been allocated for the construction of new ships under the Lend-Lease Act. Contracts have been let and the new ways required to build these ships are now nearing completion. Allied ships are being repaired by us. Allied ships are being equipped by us to protect them from mines, and are being armed by us to protect them as much as possible against raiders. Naval vessels of Britain are being repaired by us so that they can return quickly to their naval tasks.

The training program of seven thousand British pilots in our schools in this country is under way. Valuable information is being communicated, and other material assistance is being rendered in a mounting benefit to the democracies.

Millions of pounds of food are being and will be sent. Iron and steel, machine tools, and the other essentials to maintain and increase the production of war materials in Britain are being sent and received in larger quantities day by day.

Since September 1939, the war goods sent to Britain have risen The over-all total exports to the British Empire have greatly increased in 1941 over 1940. What is more important, the increase of those things which are necessary for fighting have increased far beyond our other exports. In the first five months of this year, we have sent more than twelve times as many airplanes to Britain as we did in the first five months of 1940. And as the rate of aircraft production increases, relatively more and more heavy bombers and medium bombers are being sent. At the same time, we have sent more than ten times as many aircraft engines in the first five months of 1941 as we did in the first five months of 1940. For the first four months of this year, the dollar value of explosives sent to the British Empire was about seventeen times as much as for the first four months of 1940. Ninety times as much in dollar value of firearms and ammunition was sent to Britain during the first four months of this year as for the first four months of 1940.

With our natural resources, our productive capacity, and the genius of our people for mass production, we will help Britain to outstrip the axis powers in munitions of war, and we will see to it that these munitions get to the places where they can be effectively used to weaken and defeat the aggressors.

In the report that follows, facts and figures are given to the extent advisable without disclosing military secrets to benefit the axis powers. These facts describe the past and portray the present status of our aid to those nations so gallantly fighting the aggressors. They do not present the most important fact of all—the strong will of our people to see to it that these forces of aggression shall not rule the world.

We have before us a constant purpose not of present safety alone but, equally, of future survival.

Franklin D. Roosevelt.

The White House, June 10, 1941.

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# **CONTENTS**

	Page
Chapter I. Summary of Lend-Lease Legislation	1
Chapter II. Operations	4
1. General	4
2. Summary of lend-lease operations	6
Chapter III. Agreements and Assurances	13
Chapter IV. Organization and Procedure	14
Appendix	17
VII	

# FIRST REPORT UNDER THE ACT OF MARCH 11, 1941 (LEND-LEASE ACT)

### CHAPTER I

# SUMMARY OF LEND-LEASE LEGISLATION

#### 1. THE LEND-LEASE ACT

Ninety days ago, the Congress enacted the Lend-Lease Act—the Act of March 11, 1941.<sup>1</sup>

The main object of this Act is to promote the defense of the United States by supplying material aid to those nations whose defense is vital to our defense. Unlike prior methods, it focuses directly on the aid to be rendered rather than upon the dollar sign ultimately to be translated into war material.

The material aid which can be rendered under the Act is of several kinds. Guns, tanks, planes and other defense articles in stock or procured from appropriations made prior to March 11, 1941, can be lend-leased or otherwise disposed of after consultation with the Chief of Staff of the Army or the Chief of Naval Operations of the Navy, or both, to the extent of \$1,300,000,000. Defense information—plans, specifications or other information—relating to defense articles turned over can be communicated to those nations resisting the aggressors.

Plants can be erected or expanded, and defense articles can be manufactured or procured on behalf of such foreign nations when Congress authorizes it or appropriates the necessary funds. Ships and other defense articles can be repaired, tested, inspected or put into good working condition for those foreign nations whose defense is vital to ours when Congress provides the necessary funds or contract authorizations.

Protection of our national interest is specifically provided for in the Act by requiring any nation to which defense articles or defense information is transferred to obtain the consent of the President before turning them over to any other foreign nation or anyone not an agent, officer or employee of such government.

Protection and furtherance of our own defense is also assured by the Act by reason of the fact that this Government—particularly the

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A copy of the Act is contained in the Appendix.

War and Navy Departments—controls and merges our own production and procurement program with that on behalf of those nations whose defense vitally affects ours. By a fused production and procurement program based on as high a degree of standardization of our own and foreign specifications as possible, we are in a position sooner to have a productive capacity that can outstrip our potential enemies. By reason of the fact that we retain control of the defense plants and of the defense articles until they are manufactured and ready for disposition, we also safeguard our defense. In the event that our own use of the defense articles procured under the Lend-Lease Act will further our national defense more than disposing of them to those countries whose defense is vital to ours, we can so use them.

#### 2. THE DEFENSE AID APPROPRIATION ACT

Seventy-four days ago, the Congress enacted the Defense Aid Supplemental Appropriation Act—the Act of March 27, 1941.

This Act appropriated \$7,000,000,000 to carry out those provisions of the organic Lend-Lease Act which require additional Congressional authority or appropriations. In the main these funds were appropriated for: The construction or expansion of plant facilities to manufacture or repair, test, or prove defense articles on behalf of any foreign nation whose defense is vital to ours; the new procurement of guns, aircraft, tanks, vessels, food and other defense articles; and the services and expenses necessary to carry out the Lend-Lease Act.

The organic Lend-Lease Act empowers the President, when Congress appropriates the requisite funds, to execute these powers of plant construction, repairing and new procurement through the Secretary of War, the Secretary of the Navy or the head of any other department or agency concerned. The Appropriation Act contemplates that the President will allocate the necessary funds to those departments and agencies of the Government, such as the War, Navy and Agriculture Departments, the Maritime Commission and the Procurement Division of the Treasury Department, most experienced in procuring the particular defense articles desired.

Power is given to the President by the Appropriation Act to reimburse to the extent of \$1,300,000,000 those departments and agencies which dispose under the Lend-Lease Act of defense articles procured from appropriations made prior to March 11, 1941.

Power is also given to the President to turn over to the War, Navy or any other department or agency of the United States Government any defense article procured out of the 7 billion dollar appropriation if he deems it in the interest of our defense to do so.

<sup>&</sup>lt;sup>2</sup> A copy of this Act is contained in the Appendix.

#### 3. LEND-LEASE PRIORITIES—THE VINSON BILL

The Lend-Lease Act provided for the placement of all orders for defense articles by the War and Navy Departments and such other departments and agencies of the United States Government as are designated by the President. The orders placed by the Army and Navy—by far the major part of the orders to be placed under the Lend-Lease Act—could doubtless have been given statutory priority over all deliveries for private account or for export under the Act of June 28, 1940 (Public No. 671—76th Congress).

To eliminate any doubt on this score and to enable regular defense and lend-lease orders of the other departments and agencies of the Government, such as the Maritime Commission, the Coast Guard, the Procurement Division of the Treasury Department, etc., to have statutory priority, the Congress enacted the Vinson Priorities Bill (Act of May 31, 1941, Public No. 89—77th Congress). At the present time, therefore, all lend-lease orders can be given statutory priority.

<sup>3</sup> A copy of this Act is contained in the Appendix.

# CHAPTER II

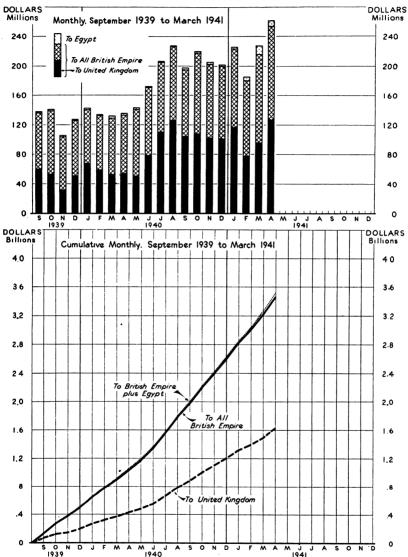
# **OPERATIONS**

#### 1. GENERAL

It should be noted that lend-lease orders placed now with deliveries coming in the future are the necessary complement to the British orders placed last year, the deliveries from which are the principal source of British exports. These current exports, however, must be maintained and increased by whatever defense articles can be released from Army and Navy stocks, as well as by the release of equipment from the production lines of tomorrow.

Since September of 1939 when the war started, the United States has played an ever increasingly active part in helping the United Kingdom and its allies to secure planes, guns, ammunition, and other implements of war. The total exports from the United States to the British Empire have steadily increased during this period. stance, the total dollar value of all exports to the British Empire for the first quarter of 1941 was nearly two and one-half times the value for the first quarter of 1939 and over half again higher than the value for the same period of 1940. The following table reflects graphically the increase in United States exports to the British Empire, to the British Empire and Egypt, and to the United Kingdom.

# UNITED STATES EXPORTS' TO THE BRITISH EMPIRE AND EGYPT



\*Including reexports

#### 2. SUMMARY OF LEND-LEASE OPERATIONS

During the period from March 11 to May 31, 1941, inclusive, defense articles of all kinds amounting to a little over \$75,000,000 have been transferred under the Lend-Lease Act. Of this total value, about \$64,000,000 of defense articles, procured from appropriations made prior to March 11, 1941, and about \$11,000,000 of defense articles, procured from appropriations under the Defense Aid Supplemental Appropriation Act, were transferred.

In connection with the dollar value of articles authorized for transfer, it should be emphasized that in all cases this value is an estimated value and may in many cases represent an approximate evaluation placed upon a specific article after depreciation, obsolescence, deterioration, etc., have been taken into account. A formal valuation procedure has been established to survey all transfers and determine true valuations.

Summary statements of defense articles transferred as of May 31, 1941 appear on the opposite page.

Defense articles transferred by departments under the Lend-Lease Act as of May 31, 1941

Department or agency	From appropriations made prior to March 11, 1941	From Defense Aid Supplemental Appropriation Act	Total
War. Navy. Martime Commission. Trasury. Agriculture.	\$34, 963, 187. 38 7, 086, 246. 38 10, 492, 908. 01 11, 930, 400. 00	\$421, 777, 55 845, 39 2, 308, 799, 49 7, 998, 261, 67	\$35, 384, 964. 93 7, 087, 091. 77 10, 492, 998. 01 14, 239, 199. 49 7, 998, 261. 67
Total	\$64, 472, 741. 77	\$10, 729, 684. 10	\$75, 202, 425. 87
Defense articles transferred under the Lend-Lease Act as of May 31, 1941	e Lend-Lease Act as of 1	Vay 31, 1941	
Classification	From appropriations made prior to March 11, 1941	From Defense Aid Supplemental Appropriation Act	Total
Ammunition for small arms and artillery, explosives, etc. Ordnance; arms and miscellaneous. Aircraft. Vehicles. Watercraft, etc. Clothing and medical supplies, etc. Signal and chemical equipment, etc. Machinery, etc. Machinery, etc. Raw materials and metals.	\$9, 760, 361. 08 20, 580, 109. 13 2, 572, 570. 67 3, 005, 807. 00 26, 155, 193. 89 616, 000. 00 1, 782, 700. 00	\$1, 455, 726, 16 399, 911, 45 27, 000, 00 21, 866, 10 7, 998, 261, 67 242, 181, 28 497, 806, 82 86, 930, 62	\$9, 760, 361, 08 20, 580, 109, 13 4, 028, 296, 83 3, 405, 718, 45 26, 182, 193, 89 616, 000, 00 1, 804, 566, 10 7, 998, 261, 67 242, 181, 28 497, 806, 82 86, 930, 62
Total	64, 472, 741. 77	10, 729, 684. 10	75, 202, 425. 87

The Lend-Lease Act coupled with the Defense Aid Supplemental Appropriation Act of March 27th made possible the placement of orders on the basis of requirements submitted by those countries the defense of which the President deemed vital to the United States.<sup>1</sup>

As of May 31, 1941, over \$4,200,000,000 equal to 60 per cent of the \$7,000,000,000 appropriated by Congress for lend-lease orders have been allocated for specific purposes. Over 2,000 requisitions setting forth specific requirements have been received for the procurement of defense articles during the period March 11 to June 1, 1941. All requisitions have been carefully studied by those government departments or agencies best qualified to survey them, and allocations have been made by the President on the basis of such departmental or agency recommendations as were approved by the Division of Defense Aid Reports and the Director of the Bureau of the Budget.

In addition, allocations amounting to approximately \$137,000,000 have been made for facilities necessary to back up the procurement program. The breakdown of the allocations made, by departments and by classifications, are summarized in the following tables:

Allocations by departments under the Defense Aid Supplemental Appropriation Act, 1941, as of May 31, 1941

Department or agency	Allocations
War	\$2,890,620,953.00
Navy	589, 839, 958, 00
Maritime Commission	562, 354, 800. 00
Treasury	180, 085, 863. 50
Agriculture	54, 886, 305, 00
Executive Office of the President	25, 000. 00
Office for Emergency Management	100, 000. 00
m. 4-1	4 955 449 050 50

¹ It should be noted in this connection that lend-lease orders, although based on the requirements of a foreign government, are actually United States Government orders and are treated the same as any other United States defense contract. Defense articles delivered from lend-lease contracts can only be transferred to the custody of a foreign government with the consent of the President.

# Summary of allocations by appropriations under the Defense Aid Supplemental Appropriation Act, 1941, as of May 31, 1941

Oudurance and andreance atomog	\$880, 176, 863. 00
Ordnance and ordnance stores	
Tanks and other vehicles	
Vessels and other watercraft	
Miscellaneous military equipment	
Facilities and equipment	
Agricultural, industrial, and other commodities	280, 314, 697. 50
Testing, reconditioning, etc., of defense articles	
Services and expenses	
Administrative expenses	445, 574. 00
Total	. 4, 277, 412, 879 .50
Statement of allocations by appropriation and purpose under Supplemental Appropriation Act, 1941, as of May 3.	
	, 1041
Ordnance and ordnance stores:	
Ammunition:	*** *** ***
Small-arms ammunition	
Artillery ammunition	•
Aircraft bombs and pyrotechnics	52, 330, 000. 00
Explosives, propellant powders, and miscellaneous am-	
munition	4, 432, 194. 00
Subtotal	330, 260, 344. 00
Ordnance material:	
Small arms and infantry weapons	81, 264, 000. 00
Artillery material	
Antiaircraft material	
Aircraft armament	
Miscellaneous fire control	
Torpedo equipment	-, -,
	•
Mine equipment	•
Miscellaneous ordnance and ordnance stores	15, 000, 000. 00
Subtotal	518, 181, 711. 00
Unclassified ordnance allocations	31, 734, 808. 00
Total	880, 176, 863. 00
Aircraft and aeronautical material:	
Aircraft:	
Bombardment	1, 396, 063, 000. 00
Pursuit, interceptor, and fighter	232, 330, 000. 00
Transport, utility, and other	2, 640, 000. 00
Training	
Subtotal	1, 707, 833, 000. 00

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Statement of allocations by appropriation and purpose under the Defense Aid Supplemental Appropriation Act, 1941, as of May 31, 1941—Continued

Aircraft and aeronautical material—Continued.	
Aircraft engines, spare parts, and accessories:	9117 COE 014 00
Spare engines and engine parts Spare propellers and spare propeller parts	
Accessories and other parts	
Subtotal	149, 685, 014, 00
General aeronautical supplies and equipment	
Modernization and reconditioning of completed aircraft	25, 000, 000. 00
Unclassified aircraft allocations	,,
'Total	1, 938, 823, 489, 00
Tanks and other vehicles:	-, 000, 020, 100, 00
Ordnance vehicles:	
Tanks	138, 810, 000, 00
Other ordnance combat vehicles (except tanks)	
Miscellaneous ordnance automotive supplies	
Subtotal	241, 974, 000. 00
Other than ordnance vehicles:	
Trucks	46, 004, 000. 00
Automobiles	
Other automotive supplies	•
Miscellaneous automotive supplies	
Subtotal	60, 042, 000. 00
Unclassified vehicle allocations	16, 486, 800. 00
Total	
Vessels and equipment for vessels:	
Watercraft:	
Combatant	12, 750, 000. 00
Naval auxiliary and small craft	29, 447, 000. 00
Merchant	500, 011, 800. 00
Subtotal	542, 208, 800, 00
Equipage	4, 560, 140. 00
Unclassified vessel allocations	4, 645, 200. 00
Total	551, 414, 140. 00

# Statement of allocations by appropriation and purpose under the Defense Aid Supplemental Appropriation Act, 1941, as of May 31, 1941—Continued

Miscellaneous military equipment, supplies, and material:	
Quartermaster equipment, supplies, and material:	
Clothing	\$1, 499, 393. 00
Equipage	4, 686, 804. 00
Kitchen, mess, and field baking equipment	557, 335. 00
Fuel	5, 164, 000. 00
Provisions	600, 000. 00
Miscellaneous quartermaster supplies	9, 810, 972. 00
Subtotal	22, 318, 504. 00
Signal equipment, supplies, and material	75, 592, 895. 00
Chemical warfare equipment, supplies, and material	
Engineer equipment, supplies, and material	
Aircraft equipment, supplies, and material	
Unclassified equipment	
Total	119, 172, 013. 00
Facilities and equipment for production, total	
Agricultural, industrial, and other commodities:	
Agricultural products—Foodstuffs:	
Dairy products and eggs	31, 658, 000, 00
Meat, fish, fowl	
Fruits, vegetables, and nuts	, ,
Grain and cereal products	
Lard, fats, and oils	
•	, ,
Other foodstuffs not classified above	1, 543, 600. 00
Subtotal	51, 884, 000. 00
Agricultural products—Other than foodstuffs	3, 000, 000. 00
Machinery, equipment, materials, and supplies:	
Agricultural implements	<b>1, 258, 814. 00</b>
Road-building equipment, materials, and supplies	2, 650, 054, 00
Electrical equipment, materials, and supplies	1, 796, 480. 00
Fire-fighting equipment, materials, and supplies	770, 000. 00
Other	2, 781, 973. 00
Subtotal	9, 257, 321. 00
Metallic minerals:	-
Iron and steel	95, 314, 000. 00
Copper and brass	15, 925, 000. 00
Zinc	20, 907, 500. 00
Lead	936, 000. 00
Other metals and alloys	2, 712, 096. 00
Subtotal	135, 794, 596. 00

# Statement of allocations by appropriation and purpose under the Defense Aid Supplemental Appropriation Act, 1941, as of May 31, 1941—Continued

Agricultural, industrial, and other commodities—Continued. Nonmetallic minerals:	
Nitrates	\$500,000.00
Phosphates	750, 000. 00
Subtotal	1, 250, 000. 00
Petroleum and coal products	2, 898, 400. 00
Miscellaneous and unclassified equipment and materials	76, 230, 380. 50
Total	280, 314, 697. 50
Testing, reconditioning, etc., of defense articles: Servicing of defense articles:	
Vessels	26, 856, 000. 00
Stores, etc	
Subtotal	40, 774, 880. 00
Unclassified services	7, 611, 000. 00
Total	48, 385, 880. 00
Services and expenses	3, 042, 605. 00
Administrative expenses	445, 574. 00
Grand total	4, 277, 412, 879. 50

### CHAPTER III

## AGREEMENTS AND ASSURANCES

# Section 4 of the Lend-Lease Act provides as follows:

All contracts or agreements made for the disposition of any defense article or defense information pursuant to section 3 shall contain a clause by which the foreign government undertakes that it will not, without the consent of the President, transfer title to or possession of such defense article or defense information by gift, sale, or otherwise, or permit its use by anyone not an officer, employee, or agent of such foreign government.

# Section 7 of the Lend-Lease Act provides as follows:

The Secretary of War, the Secretary of the Navy, and the head of the department or agency shall in all contracts or agreements for the disposition of any defense article or defense information fully protect the rights of all citizens of the United States who have patent rights in and to any such article or information which is hereby authorized to be disposed of and the payments collected for royalties on such patents shall be paid to the owners and holders of such patents.

Before any defense articles were transferred, the Ambassador or the duly accredited officer of the foreign government receiving the defense articles was required to make the necessary agreement and give the requisite assurances that his government would comply with Sections 4 and 7 of the Act of March 11, 1941. These agreements and assurances provide in substance that no defense article or defense information received by the foreign nation under the Lend-Lease Act will be turned over to anyone not an agent, officer or employee of such government without first obtaining the consent of the President. These agreements also provide that when called upon to do so by the United States they will take the requisite steps and make such payments as are necessary to protect the rights of American patent holders as provided in Section 7.

Section 3 (b) of the Lend-Lease Act provides as follows:

The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property or any other direct or indirect benefit which the President deems satisfactory.

Work has started on the agreements to fix the terms and conditions, under Section 3 (b), upon which the foreign governments receive the aid.

### CHAPTER IV

### ORGANIZATION AND PROCEDURE

On May 2, 1941, the President issued an Executive Order establishing the Division of Defense Aid Reports in the Office for Emergency Management of the Executive Office of the President.<sup>1</sup>

In accordance with this order, the President subsequently, on May 6th, designated by military order an Executive Officer of the Division of Defense Aid Reports to administer the functions described in the Executive Order.

It was specifically provided in the Order of May 2nd that the Division of Defense Aid Reports should provide a central channel for the clearance of transactions and reports; that it should coordinate the processing of requests for aid under the Lend-Lease Act; that it should maintain a system of reports and accounts, approved by the Bureau of the Budget; and that it should serve as a clearing house of information for agencies participating in the lend-lease program.

Although its formal organization was not established until May 2nd, approximately six weeks after the passage of the Lend-Lease Act, defense aid operations were carried on during that interim period by the group which had performed the administrative functions of the President's Liaison Committee for the coordination of foreign and domestic military purchases during the preceding twelve months.

Under the Lend-Lease Act, actual purchasing operations are conducted by the various governmental departments or agencies best qualified to do any specific procurement job. Actual procurement negotiations are carried on by each department operating in its own field in the same manner and in the same way as negotiations are carried out for any defense contract. Up to the present time, the War Department, the Navy Department, the Treasury Department, the Department of Agriculture, and the Maritime Commission have all participated directly as procurement agencies under the Lend-Lease Act. In addition, the Office of Production Management, the Department of Commerce, the Department of State, the Department of Justice, and the Department of Interior have all contributed to the defense aid program in an advisory capacity.

The Division of Defense Aid Reports serves as a channel for the processing of defense aid requests, as a control point for the coordination of such requests, and as a repository for the over-all records and accounts required by law. The work of the Division of Defense Aid

<sup>1</sup> Copy of this Executive Order is contained in the Appendix.

Reports falls normally into six categories—namely, processing of requirements, fiscal accounts, statistical operations, transportation coordination, liaison between governmental agencies and foreign governments, and legal problems. In addition, because of the complex problems which arise, it is becoming increasingly necessary to utilize the services of special analysts and attorneys to devote full time to studying the varied and complicated ramifications of the defense aid program.

The first step in the furnishing of defense aid to a foreign government must necessarily be the determination of specific requirements. In most instances, such a determination requires a series of conferences and negotiations between the military and technical representatives of the department or agency of the United States Government which is best qualified to deal with any specific purchasing program. To expedite this determination of requirements, the War Department, for instance, has instituted a Division of Defense Aid in the office of the Under Secretary of War. In addition, the War Department established Defense Aid Requirements Committees which included in their membership representatives of foreign governments receiving defense aid.<sup>2</sup> In the case of the other procuring agencies, similar steps have been taken to expedite the flow of defense aid and to maintain adequate records of defense aid transactions.

In order that the Division of Defense Aid Reports might adequately perform its functions, every foreign government desiring defense aid under the provisions of the Lend-Lease Act has been requested to submit to the Division formal signed requisitions for specific defense articles or defense services. These requests are prepared on standard requisition forms and submitted to the Division of Defense Aid Reports from which they are forwarded to the procuring agency of the United States Government best qualified to make a recommendation as to whether the specific item should be supplied.3 When these requisitions are received by a procuring agency, they are studied from the point of view as to whether the items called for can be supplied from stock on hand, whether they can be diverted from existing contracts, or whether they will have to be ordered for future delivery. recommendation of the Department with respect to every requisition is forwarded to the Division of Defense Aid Reports for further processing and approval.4

<sup>&</sup>lt;sup>2</sup> The detailed organization of War Department defense aid operations is contained in the Appendix.

<sup>&</sup>lt;sup>8</sup> A standard requisition form is contained in the Appendix.

<sup>4</sup> A standard recommendation form is contained in the Appendix.

If a specific item to be supplied can be released from stock or diverted from contracts placed with appropriations made prior to March 11, 1941, the Division of Defense Aid Reports secures a Presidential directive authorizing the agency in question to transfer the defense articles to the foreign government. If the item recommended to be supplied involves the placement of a new order, it is the responsibility of the Division, if it approves, to secure an allocation of funds so that the procuring agency may actually place the contract. It should be noted, however, that an allocation of funds for the placement of a defense aid contract may not necessarily include the power to transfer the defense articles produced to the foreign government which filed the original requisition.

In order that proper accounting and fiscal reports may be compiled, a fiscal unit was established in the Division and a system for financial defense aid reports initiated, which has the approval of the President, the Secretary of the Treasury, the Comptroller-General and the Director of the Bureau of the Budget. These records reflect every angle of defense aid financial operations, expressed both in terms of dollars and in terms of quantities. Specific records cover the status of appropriations, the acquisition and disposition of defense articles, defense aid services, defense aid facilities, the consideration received from foreign governments, and the receipts for defense articles transferred to foreign governments. Complete financial and accounting reports are received from all the procuring agencies semimonthly and are used as one of the bases for compiling the operating reports of the Division.

In addition to the standard forms for requisitions and recommendations and in addition to the specified fiscal and accounting reports, individual case histories of requisitions are being compiled. These case histories provide a complete historical record of each specific item, and a controlling system for the coordination of requirements and programs, procurement between purchasing agencies, procurement between foreign governments, and for expediting action on recommendations, the placement of orders and the delivery of goods.

The great mass of detailed information contained in the various operating forms, in the case histories, and in the fiscal reports are summarized by an operations analysis unit. These statistical summaries are compiled on a current basis and are used for controlling internal operations and for providing complete information on defense aid operations.

# **APPENDIX**

### THE LEND-LEASE ACT

[Public Law 11—77th Congress]

[CHAPTER 11—1st Session]

[H. R. 1776]

AN ACT

Further to promote the defense of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "An Act to Promote the Defense of the United States".

SEC. 2. As used in this Act-

(a) The term "defense article" means—

(1) Any weapon, munition, aircraft, vessel, or boat;

(2) Any machinery, facility, tool, material, or supply necessary for the manufacture, production, processing, repair, servicing, or operation of any article described in this subsection;

(3) Any component material or part of or equipment for any

article described in this subsection;

(4) Any agricultural, industrial or other commodity or article for defense.

Such term "defense article" includes any article described in this subsection: Manufactured or procured pursuant to section 3, or to which the United States or any foreign government has or hereafter acquires title, possession, or control.

(b) The term "defense information" means any plan, specification, design, prototype, or information pertaining to any defense article.

SEC. 3. (a) Notwithstanding the provisions of any other law, the President may, from time to time, when he deems it in the interest of national defense, authorize the Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government—

(1) To manufacture in arsenals, factories, and shippards under their jurisdiction, or otherwise procure, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for the government of any country whose defense the President deems vital to the defense of the United States.

(2) To sell, transfer title to, exchange, lease, lend, or otherwise dispose of, to any such government any defense article, but no defense article not manufactured or procured under paragraph (1) shall in any way be disposed of under this paragraph, except after consultation with the Chief of Staff of the Army or the Chief of Naval Operations of the Navy, or both. The value of defense articles disposed of in any way under authority of this

paragraph, and procured from funds heretofore appropriated, shall not exceed \$1,300,000,000. The value of such defense articles shall be determined by the head of the department or agency concerned or such other department, agency or officer as shall be designated in the manner provided in the rules and regulations issued hereunder. Defense articles procured from funds hereafter appropriated to any department or agency of the Government, other than from funds authorized to be appropriated under this Act, shall not be disposed of in any way under authority of this paragraph except to the extent hereafter authorized by the Congress in the Acts appropriating such funds or otherwise.

(3) To test, inspect, prove, repair, outfit, recondition, or otherwise to place in good working order, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for any such government, or to procure any or all such services by private

contract.

(4) To communicate to any such government any defense information, pertaining to any defense article furnished to such government under paragraph (2) of this subsection.

(5) To release for export any defense article disposed of in

any way under this subsection to any such government.

(b) The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory.

- (c) After June 30, 1943, or after the passage of a concurrent resolution by the two Houses before June 30, 1943, which declares that the powers conferred by or pursuant to subsection (a) are no longer necessary to promote the defense of the United States, neither the President nor the head of any department or agency shall exercise any of the powers conferred by or pursuant to subsection (a); except that until July 1, 1946, any of such powers may be exercised to the extent necessary to carry out a contract or agreement with such a foreign government made before July 1, 1943, or before the passage of such concurrent resolution, whichever is the earlier.
- (d) Nothing in this Act shall be construed to authorize or to permit the authorization of convoying vessels by naval vessels of the United States.

(e) Nothing in this Act shall be construed to authorize or to permit the authorization of the entry of any American vessel into a combat area in violation of section 3 of the Neutrality Act of 1939.

SEC. 4. All contracts or agreements made for the disposition of any defense article or defense information pursuant to section 3 shall contain a clause by which the foreign government undertakes that it will not, without the consent of the President, transfer title to or possession of such defense article or defense information by gift, sale, or otherwise, or permit its use by anyone not an officer, employee, or agent of such foreign government.

Sec. 5. (a) The Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government involved shall, when any such defense article or defense information is exported, immediately inform the department or agency designated by the President to administer section 6 of the Act of July 2, 1940 (54 Stat. 714), of the quantities, character, value, terms of disposition, and destination of the article and information so exported.

(b) The President from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose. Reports provided for under this subsection shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

Sec. 6. (a) There is hereby authorized to be appropriated from time to time, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to carry out the provisions

and accomplish the purposes of this Act.

(b) All money and all property which is converted into money received under section 3 from any government shall, with the approval of the Director of the Budget, revert to the respective appropriation or appropriations out of which funds were expended with respect to the defense article or defense information for which such consideration is received, and shall be available for expenditure for the purpose for which such expended funds were appropriated by law, during the fiscal year in which such funds are received and the ensuing fiscal year; but in no event shall any funds so received be available for expenditure after June 30, 1946.

Sec. 7. The Secretary of War, the Secretary of the Navy, and the head of the department or agency shall in all contracts or agreements for the disposition of any defense article or defense information fully protect the rights of all citizens of the United States who have patent rights in and to any such article or information which is hereby authorized to be disposed of and the payments collected for royalties on such patents shall be paid to the owners and holders of such patents.

Sec. 8. The Secretaries of War and of the Navy are nereby authorized to purchase or otherwise acquire arms, ammunition, and implements of war produced within the jurisdiction of any country to which section 3 is applicable, whenever the President deems such purchase or acquisition to be necessary in the interests of the defense of the United States.

Sec. 9. The President may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out any of the provisions of this Act; and he may exercise any power or authority conferred on him by this Act through such department, agency, or officer as he shall direct.

Sec. 10. Nothing in this Act shall be construed to change existing law relating to the use of the land and naval forces of the United States, except insofar as such use relates to the manufacture, procurement, and repair of defense articles, the communication of information and other noncombatant purposes enumerated in this Act.

Sec. 11. If any provision of this Act or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances shall not be affected thereby.

Approved, March 11, 1941.

# DEFENSE AID SUPPLEMENTAL APPROPRIATION ACT, 1941

# [Public Law 23—77th Congress]

[CHAPTER 30—1st Session]

[H. R. 4050]

#### AN ACT

Making supplemental appropriations for the national defense to provide aid to the government of any country whose defense the President deems vital to the defense of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That to enable the President, through such departments or agencies of the Government as he may designate, to carry out the provisions of An Act to Promote the Defense of the United States, approved March 11, 1941, and for each and every purpose incident to or necessary therefor, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the following sums for the following respective purposes, namely:

(a) For the procurement, by manufacture or otherwise, of defense articles for the government of any country whose defense the President deems vital to the defense of the United States, including serv-

ices and expenses in connection therewith, as follows:

(1) Ordnance and ordnance stores, supplies, spare parts, and materials, including armor and ammunition and components thereof, \$1,343,000,000.

(2) Aircraft and aeronautical material, including engines, spare

parts, and accessories, \$2,054,000,000.

(3) Tanks, armored cars, automobiles, trucks, and other automotive vehicles, spare parts, and accessories, \$362,000,000.

(4) Vessels, ships, boats, and other watercraft, and equipage, sup-

plies, materials, spare parts, and accessories, \$629,000,000.

(5) Miscellaneous military equipment, supplies, and materials, \$260,000,000.

(6) Facilities and equipment, for the manufacture or production of defense articles, by construction or acquisition, including the acquisition of land, and the maintenance and operation of such facilities and equipment, \$752,000,000.

(7) Agricultural, industrial, and other commodities and articles,

\$1,350,000,000.

(b) For testing, inspecting, proving, repairing, outfitting, reconditioning, or otherwise placing in good working order any defense articles for the government of any country whose defense the President deems vital to the defense of the United States, Including services and expenses in connection therewith, \$200,000,000.

(c) Not to exceed 20 per centum of any of the foregoing eight appropriations may be transferred by the President to any other such appropriation, but no appropriation shall be increased by more

than 30 per centum.

(d) For necessary services and expenses for carrying out the purposes of such Act not specified or included in the foregoing, \$40,000,000.

(e) For administrative expenses, \$10,000,000.

(f) In all, \$7,000,000,000, to remain available until June 30, 1943. Sec. 2. If any defense article procured from an appropriation made before March 11, 1941, is disposed of, under such Act of March 11, 1941, by any department or agency to the government of any country whose defense the President deemed vital to the defense of the United States, the President may transfer, from the appropriations made by this Act to the appropriate appropriation of such department or agency, an amount equivalent to the value (as computed for the purposes of the \$1,300,000,000 limitation contained in section 3 (a) (2) of such Act of March 11, 1941) of the defense article so disposed of, but not to exceed in the aggregate \$1,300,000,000.

SEC. 3. Any defense article procured from an appropriation made by this Act shall be retained by or transferred to and for the use of such department or agency of the United States as the President may determine, in lieu of being disposed of to a foreign government, whenever in the judgment of the President the defense of the United

States will be best served thereby.

SEC. 4. No part of any appropriation contained in this Act shall be used to pay the salary or wages of any person who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: Provided, That for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: Provided further, That any person who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence and accepts employment the salary or wages for which are paid from any appropriation in this Act shall be guilty of a felony and, upon conviction, shall be fined not more than \$1,000 or imprisoned for not more than one year, or both: Provided further, That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing law.

SEC. 5. This Act may be cited as the "Defense Aid Supplemental

Appropriation Act, 1941".

Approved, March 27, 1941, 10:50 a.m., E. S. T.

### VINSON PRIORITIES ACT

# [Public Law 89—77th Congress]

[CHAPTER 157—1st Session]

[H. R. 4534]

#### AN ACT

To amend the Act approved June 28, 1940, entitled "An Act to expedite the national defense, and for other purposes", in order to extend the power to establish priorities and allocate material.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act approved June 28, 1940 (Public, Numbered 671, Seventy-sixth Congress), as amended, is amended by inserting "(1)" after "Sec. 2. (a)" and by adding at the end of subsection (a) thereof the following:

"(2) Deliveries of material to which priority may be assigned pursuant to paragraph (1) shall include, in addition to deliveries of material under contracts or orders of the Army or Navy, deliveries

of material under-

"(A) contracts or orders for the Government of any country whose defense the President deems vital to the defense of the United States under the terms of the Act of March 11, 1941, entitled 'An Act to promote the defense of the United States';

"(B) contracts or orders which the President shall deem necessary or appropriate to promote the defense of the United States:

and

"(C) subcontracts or suborders which the President shall deem necessary or appropriate to the fulfillment of any contract or order as specified in this section.

Deliveries under any contract or order specified in this section may be assigned priority over deliveries under any other contract or order. Whenever the President is satisfied that the fulfillment of requirements for the defense of the United States will result in a shortage in the supply of any material for defense or for private account or for export, the President may allocate such material in such manner and to such extent as he shall deem necessary or appropriate in the public interest and to promote the national defense. The President shall be entitled to obtain such information from, require such reports by, and make such inspection of the premises of, any person, firm, or corporation as may be necessary or appropriate, in his discretion, to the enforcement or administration of the provisions of this section. No person, firm, or corporation shall be held liable for damages or penalties for any default under any contract or order which shall result directly or indirectly from his compliance with any rule, regulation, or order issued under this section. The President may exercise any power, authority, or discretion conferred on him by this section, through such department, agency, or officer of the Government as he may direct and in conformity with any rules and regulations which he may prescribe."

Approved, May 31, 1941.

# EXECUTIVE ORDER

ESTABLISHING THE DIVISION OF DEFENSE AID REPORTS IN THE OFFICE FOR EMERGENCY MANAGEMENT OF THE EXECUTIVE OFFICE OF THE PRESIDENT

By virtue of the authority vested in me by the Constitution and Statutes and by the Act of March 11, 1941, entitled "An Act to Promote the Defense of the United States" (hereafter referred to as the Act), in order to define further the functions and duties of the Office for Emergency Management of the Executive Office of the President in respect to the national emergency as declared by the President on September 8, 1939, and in order to provide for the effective administration of said Act in the interest of national defense, it is hereby ordered as follows:

1. There is established within the Office for Emergency Management of the Executive Office of the President the Division of Defense Aid Reports, at the head of which shall be an Executive Officer appointed by the President. The Executive Officer shall receive compensation at such rate as the President shall approve and, in addition, shall be entitled to actual and necessary transportation, subsistence, and other expenses incidental to the performance of

his duties.

2. Subject to such policies and directions as the President may from time to time prescribe, the Division of Defense Aid Reports shall perform and discharge the following described duties and responsibilities:

a. Provide a central channel for the clearance of transactions and reports, and coordinate the processing or requests for aid under

the Act.

b. Maintain such system of records and summary accounts to be approved by the Bureau of the Budget, as may be necessary for adequate administrative and financial control over operations under the Act and as will currently reflect the status of all such operations.

c. Prepare such reports as may be necessary to keep the President informed of progress under the Act; assist in the preparation of reports pursuant to Section 5b of the Act; and serve generally as a clearing house of information for agencies participating in the program.

d. Perform such other duties relating to defense aid activities as

the President may from time to time prescribe.

3. Within the limitation of such funds as may be allocated for the Division of Defense Aid Reports by the President, the Executive Officer may employ necessary personnel and make provision for the necessary supplies, facilities, and services. In so far as practicable, the Division of Defense Aid Reports shall use such general business services and facilities as may be made available to it through the Office for Emergency Management or other agencies of the Government.

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE, *May* 2, 1941.



## MILITARY ORDER

By virtue of the authority vested in me as President of the United States and as Commander in Chief of the Army and Navy of the United States, I hereby designate Major General James H. Burns, of the United States Army, as Executive Officer of the Division of Defense Aid Reports in the Office for Emergency Management, to administer the functions described in the Executive Order establishing said Division, which functions are essentially of a military character, under the direction and supervision of the President as Commander in Chief of the Army and Navy of the United States.

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE, May 6, 1941

## WAR DEPARTMENT

## THE ADJUTANT GENERAL'S OFFICE

### WASHINGTON

AG 020.1 (3–29–41) M–M

APRIL 10, 1941.

Subject: Procedure Under the Lend-Lease Act.

To: The Chiefs of Arms and Services and the Divisions of the War Department General Staff.

The following letter from the Secretary of War is quoted for your information and guidance:

- 1. The Act of March 11, 1941 (Lend-Lease Act) imposes heavy responsibilities on the War Department which must be met with promptness and dispatch if the purposes of the Congress and the orders of the President are to be consummated. Strategic results affecting the defense of this country may depend upon the speed with which this Act is administered in the Department. I therefore desire to impress upon all concerned the necessity for prompt action in all matters relating to the Act.
- 2. Every effort has been made to set up the administration of this Act in the Department so as to apply to the lend-lease program the normal procedure of our procurement agencies. I am confident that our present organization, increased by the augmentation of such personnel as may be necessary, can fully meet the additional responsibilities to be imposed upon it. It appears necessary, however, to set up in the Office of the Under Secretary of War a division to be called the Defense Aid Division with duties as shown in Exhibit 1 herewith and I have, accordingly, directed that such an organization be created. This division will be concerned mainly with the coordination and acceleration of all phases of the lend-lease program within the Department. It is my desire that all papers pertaining to the program be handled in the "immediate action" category.

3. Attached hereto as Exhibit 2 is an outline of the routine which will, in general, be followed within the War Department. The desired budgetary pro-

cedure is shown in Exhibit 3.

4. To deal with questions of substance which we can foresee will arise under the Act, Defense Aid Committees, whose functions are set forth in Exhibit 4, will be organized. No new committee has been set up for aircraft inasmuch as the Joint Aircraft Committee, which has heretofore been in operation, is in a position to perform the functions prescribed for the Defense Aid Committees in Exhibits 3 and 4 and, subject to the principles and procedure outlined in such Exhibits, the War Department members of the Joint Aircraft Committee are hereby empowered, in addition to the powers heretofore exercised by them on the Joint Aircraft Committee, to perform with the British, or other representatives concerned, the functions of the Defense Aid Committees.

5. War Department agencies are authorized to issue necessary regulations, not inconsistent with the policies outlined herein, to administer their activities under

the Act.

6. Close contacts between the personnel of the War Department and the accredited foreign representatives concerned with transactions under the Act shall

be sought and encouraged at all times.

7. The organization herein provided for is solely designed to expedite, not to complicate, the work of the existing procurement agencies. It is always subject to change if in the light of experience it does not fulfill its function.

(S) HENRY L. STIMSON, Secretary of War.

BY ORDER OF THE SECRETARY OF WAR:

J. A. Ulio.
Brigadier General,
Acting The Adjutant General.



## OFFICE ORDER:

1. In order to coordinate the functioning of the War Department in its relation to the Act of March 11, 1941 (Public 11, 77th Congress), there is hereby created a division in the office of the Under Secretary of War to be known as the Defense Aid Division.

2. The duties of the Defense Aid Division will be as follows:

a. To maintain liaison on matters relating to the Act of March 11, 1941, with the following:

(1) Such agency or agencies as may be designated by the President

to administer the Act.

(2) Other government agencies.

(3) Foreign governments.

(4) Arms and Services of the War Department and the War Department General Staff.

b. To coordinate requests for aid from foreign governments with

interested agencies of the War Department.

c. To coordinate the procurement under appropriations provided to implement the Act, in collaboration with the Production Branch and the Purchase and Contracts Branch, Office of the Under Secretary of War; G-4 Division War Department General Staff; and the Office of Production Management.

d. To coordinate the distribution of the items to foreign governments, in collaboration with the G-4 Division, War Department

General Staff.

e. To coordinate the activities authorized in Section 3 (a) (3) of the Act, in collaboration with the interested agencies of the War

Department.

f. To supply foreign governments with defense information pertaining to defense articles, in collaboration with the G-2 Division of the War Department General Staff.

g. To report to the Administrator of Export Control the defense articles and defense information released to foreign governments.

h. To furnish information concerning the transactions of the War Department to the agency designated by the President for the preparation of the quarterly report required by the Act of March 11, 1941.

i. To coordinate importation of arms, ammunition, and implements

of war.

j. To initiate requests for priorities for materials, equipment, and machine tools for foreign orders for military equipment and supplies through the Priorities Committee, Army and Navy Munitions Board, and the Priorities Administrator, Office of Production Management.

k. To clear preliminary negotiation reports for procurement of military equipment and supplies for foreign governments other than

beneficiaries of the Act of March 11, 1941.

1. To prepare staff action for the approval of the Secretary of War,

on all matters pertaining to the Act.

m. To clear items for export on the basis of military secrecy, in collaboration with the G-2 Division of the War Department General Staff.

n. To maintain the office of record for all transactions of the War

Department under the Act of March 11, 1941.

o. To furnish such statistical unformation as may be required, in collaboration with the Statistics Branch, Office Under Secretary of

p. To participate in the functions of the Joint Advisory Board

on American Republics.

q. To discharge such additional duties pertaining to the Act of

March 11, 1941, as may be prescribed by the Under Secretary of War.

3. To provide personnel for the Defense Aid Division, I hereby transfer the commissioned and civilian personnel of the Army Section, Clearance Committee, Army and Navy Munitions Board, to the Defense Aid Division.

(S) HENRY L. STIMSON, Secretary of War.

## Exhibit 21

## OUTLINE OF WAR DEPARTMENT PROCEDURE—LEND-LEASE ACT

## WAR DEPARTMENT ACTION

1. Requests for assistance received from foreign governments whose defense is deemed vital to the defense of the United States under the terms of the Act, to be referred to the Secretary of War.

2. Referred to the Defense Aid Division, O. U. S. W., for

recommendation.

- 3. Defense Aid Division informally to consult G-4 and, if advisable, other interested War Department agencies and prepare recommendation for signature of Chief of Staff. To obtain the basis for recommendation, Defense Aid Division to route requests through the appropriate Defense Aid Requirements Committee, calling for definite recommendations as to disposition of material or placement of orders.
- 4. Reply of Chief of Staff forwarded to Secretary of War for approval.

5. After approval, forwarded to White House.

## WHITE HOUSE ACTION

6. President issues directive to Secretary of War.

## WAR DEPARTMENT ACTION

7. Directive turned over to Defense Aid Division for preparation of appropriate instructions to War Department agencies, and submittal to the Secretary of War, through Executive, O. U. S. W. and G-4, for signature, with copy of original action by Chief of Staff (paragraphs 4 and 5 above). Copies of directives will also be furnished to B. O. W. D.

8. War Department agencies concerned in executing approved action, including B. O. W. D., to maintain informal contacts with the Defense Aid Division during process of execution and render report

to Defense Aid Division on completion.

9. Defense Aid Division to be office of record for Lend-Lease Act transactions and to prepare such reports as the President and/or the Secretary of War may prescribe.

## [Exhibit 3]

## OUTLINE OF BUDGETARY PROCEDURE UNDER LEND-LEASE ACT

## WAR DEPARTMENT

Upon receipt of approved expenditure programs or requests for services in the Defense Aid Division of the Office of the Under Secretary of War, they will be transmitted to the Budget Officer of the War Department who will make application for allocations to the War Department of the necessary funds for the approved purposes.

Upon receipt of such allocations, the Budget Officer of the War Department will make apportionments to agencies within the War Department in accordance with the approved expenditure programs or requests for services, informing the Defense Aid Division of this

action.

The existing accounting methods within the War Department will

be utilized in accounting for Lend-Lease funds.

The preparation of expenditure programs and requests for services, as well as the administration of any funds set up for administrative expenses, will follow present procedure.

In case future appropriations are required for Lend-Lease purposes,

the normal estimating cycle will be completed.

## [Exhibit 4]

## DEFENSE AID COMMITTEES

### REQUIREMENTS COMMITTEES

There will be created within the War Department committees to

be known as the Defense Aid Requirements Committees.

The function of these Committees within the War Department will be the determination under the Defense Aid program of materiel requirements as to type, quantity and destination. In carrying out this function, the Committees will follow such policies as may be prescribed, from time to time, by the Chief of Staff, subject to such redetermination, if any, as may later be made by the President.

In performing their function, the Committees may be compelled to plan for the diversion of materiel to uses not contemplated at the

time of the placing of the orders.

In dealing with this problem, the Committees may propose plans for somewhat distant objectives. However, recommendations for actual diversion should normally be made only sufficiently far in advance to permit arrangements to be made for the effective use of the diverted materiel at the completion of production.

The Committees will be organized for each of the following supply

arms and services, i. e.,

Ordnance Chemical Signal Engineer Quartermaster

In order to provide continuity and unity of direction to these Committees, they will include a nucleus of personnel which will have membership on all the Committees. This nucleus will be composed of the following:

G-4 War Department, Chairman

Representative of the Under Secretary of War

Representative of the Clearance Committee of the Army and

Navy Munitions Board, and

Representative of the Foreign Supply Service (in case of the British, the Chairman of the British Supply Council).

United States and foreign representatives of the arm or service concerned and of the user of the items under consideration shall be members of the respective Committees. In appropriate situations the Training Division or War Plans Division of the War Department General Staff will be represented. The Committee decisions will be signed by the senior representative of each concurring group. Minority views, if any, will be submitted by the senior member of any non-concurring group. These will be submitted to the Chief of Staff to assist him to consult with the President under the provisions of the Lend-Lease Act.

## FACILITIES COMMITTEE

Under the Lend-Lease Act and pending War Department appropriations, there is approximately \$1,300,000,000 provided for new facilities and a committee consisting of six general officers has been selected under the authority of the Under Secretary of War to control the facilities program. To consult with this Committee appropriate representatives of the British Supply Council will be appointed with opportunity to present their dissenting views, if any, on matters relating to the necessity for and priority of additional facilities being created, to the Under Secretary of War.

	ROUTING		
1	(NOT TO BE FILLED IN BY REQUISITIONER)		NO.
	WAR		
	☐ NAVY ☐ OPM	FORM I	
	AGRICULTURE	REQUISITION FOR DEFENSE ARTICLES	CATE
	MARITIME COMM.  STATE	(Under the Act of March 11, 1941)	
	TREASURY		
	<u> </u>		REQUISITIONER
1.		BY THE UNITED STATES GOVERNMENT FOR THE MATE	
2	ARTICLES ( E POSSIE	LE, USE CONTINUATION SHEET(S) FOR DETAILED S	PECIFICATIONS: OTHER
2.		PLETE SET OF DRAWINGS AND SPECIFICATIONS TO	
	A. QUANTITY AND DES	SCRIPTION (INCLUDE MARK, MODEL, OR OTHER IDEN	TIFYING DESIGNATION):
	,	, , , , , , , , , , , , , , , , , , , ,	
	B. SPECIFICATIONS_	U.S., BRITISH, OTHER C. USE ARMY, NAVY,	AIR, COMMERCIAL
3.	IF THE ARTICLES REQ	UISITIONED HEREIN ARE TO BE INSTALLED IN OR	
		ARTICLE(S), NAME AND IDENTIFY THE BASIC ARTIC	
		ON (FORM 1 OR 2) OR FNR NUMBER, OR BOTH, COVI ND INDICATE CONTRACT NUMBER IF CONTRACT HAS 1	
	BASIC ARTICLE(S).		
	A. NAME AND IDENTIF	ICATION OF BASIC ARTICLE(S):	
		,	
	B. REQUISITION NO	c. PNR No D. Con	TRACT NO
4.	DELIVERY DESIRED (B	Y CHECK [✓] OR, IF POSSIBLE, BY QUANTITATIVE	BREAKDOWN)
	1941 ZND QUARTER 3RD	QUARTER 4TH QUARTER 1942 IST QUARTER 2ND QUARTER	3RD QUARTER 4TH QUARTER
5.	REMARKS (JUSTIFICAT	ION OF REQUEST, URGENCY, GENERAL INFORMATION	
		, , , , , , , , , , , , , , , , , , , ,	,
		(SIGNED)	
		(TITLE)	
		GOVERNMENT OF THE UNITED STATES	

FORM Ia	CONTINUATION SHEET)	
	REQUISITION FOR DEFENSE ARTICLES (Under the Act of March 11, 1941)	NO.
		DATE
SECTION	ADDITIONAL INFORMATION	
	,	
	GOVERNMENT OF THE UNITED STATES	1

(NOT TO BY RE WITH A PART OF THE PART OF T	AVY PM GRICULTURE ARITIME COMM. TATE REASURY	FORM 16 - AMENDMENT REQUISITION FOR DEFENSE ARTICLES (Under the Act of March 11, 1941)	DATE REQUISITIONER
SECTION		DESCRIBE FULLY NATURE OF AMENDMENT DESIRED; S WHETHER SUBSTITUTION, ADDITION, CANCELLATION,	
		CARCELLATION. ANDITION. CARCELLATION.	EIVe
		(SIGNED)	
		(TITLE)	
		GOVERNMENT OF THE UNITED STATES	

Agencies Consu  War  Navy OPM Agriculture Maritime Comm.	lted	Porm LLA 8  Recommendation on Bequisition for Defense Articles  (Under the Act of March 11, 1941)			pusition number)  Requisitioner)	
Treasury		Number of detail sheets attached:		(Ae	nacy reporting)	
		t the following goods and/or services listed on t low from the sources shown on the detail sheets a			supplied in the	
Quantity		Description	Est V	imated alue	Detail Sheet No.	
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## (Form LLA 3—Continued)

Description

2a.	lt i	s recommended	that	the following	items on the	requisition	not be supplied:
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Quantity

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2b. Reason for nonsupply of requisitioned ite	ms:
	unt of \$ to cover new order(s) to be placed have not yet been allocated by the President. It is suggested that
	opriated under Section, entitled
	,
4. Authorization (is) (is not) requested to tr	ansfer material and/or services procured to fill this requisition to
(Approved)	(Signed)
(Title)	(Title)
(Dept.)	(Dept.)
(Date)	(Date)
Covaria	nment of the United States
	IMENT OF THE UNITED STATES

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	-	ETAIL SI	HEET FO	DETAIL SHEET FOR FORM LLA 8	LLA 8				
Detail Sheet No								Beq. No	Beq. No.
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BOURCE	QUANTITY		1961			2	1942		Remarks Value
		2d Quarter	3d Quarter	eth Quarter	1st Quarter	2d Quarter	ad Quarter	4th Quarter	
<ol> <li>From stock on hand procured from appropriatious made prior to March 11, 1941</li> </ol>					,				
2. From orders placed under appropriations made prior to March 11, 1941									
Suppler									
Contract No.	,								
Supplier									
Contract No.				_					
3. From new orders to be placed									
4. Totals									
1 (a) Reimbursement (will) (will not) be requested to cover procurement from Source 1 (stoot on hand). Approximate amount	d to cover pro	curement fr	om Source 1	(stock on ha	ad). Appro	zimate amou	t		
2 (a) Reimbursement (will) (will not) be requested to cover procurement from Source 2. Approximate amount - 8 (a) Funds to cover procurement from Source 3 (tave not) been allocated by the President. Allocation is	d to cover pro	curement fro	om Source 2.	Approxima	te amount _	Allocation letter number		dated	
								-	

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THE LIBRARY OF THE JUL 1 7 1941 UNIVERSITY OF ILLINOIS

## SECOND REPORT

UNDER

## THE ACT OF MARCH 11, 1941

(Lend-Lease Act)

THE LIBRARY OF THE OCT 3 1941 UNIVERSITY OF ILLINOIS

## OCT 3 1941

## LETTER OF TRANSMITTAL

UNIVERSITY OF ILLINOIS

The President of the Senate.

The Speaker of the House of Representatives.

I am submitting this report pursuant to Section 5 (b) of the Lend-Lease Act of March 11, 1941, which provides that the President report to the Congress every 90 days on the operations under that act.

The Lend-Lease Act was passed by the Congress just 183 days ago. One hundred and sixty-seven days ago, the Congress appropriated 7 billion dollars to carry out our national policy of giving every possible material assistance to the countries resisting aggression.

The effective expenditure of this large sum in furtherance of our announced policy has presented tasks of large proportions. We have surveyed the needs of the countries we are aiding. We have correlated this program of aid with the procurement programs of our own Army and Navy. We have arranged with our industries for the production of the great quantities of material involved.

The War Department, the Navy Department, the Treasury Department, the Agriculture Department, and the Maritime Commission are the agencies principally charged with the actual procurement of the supplies. They are now far along with their task.

Over 6% of the 7 billion dollars appropriated have now been allocated, upon the recommendation of these agencies, for specific materials and services. Their procurement machinery has been constantly at work, locating producers and placing contracts. Over 3½ billion dollars of legal commitments have already been made. Contracts will soon be placed for the entire 7 billion dollar appropriation.

Contracts have been placed and work has started on nearly a billion dollars of bombardment aircraft. New ways have been started and work is in progress for about one-half a billion dollars of new merchant shipping. New facilities to speed the production of guns, ammunition, and other defense articles have been started under contracts totaling about \$262,000,000. Over \$430,000,000 has been allocated, and over \$250,000,000 has been obligated, for the purchase of milk, eggs, and other agricultural products.

Daily the aid being rendered is growing. Through the month of August the total dollar value of defense articles transferred and defense services rendered, plus expenditures for other lend-lease purposes, amounted to \$486,721,838.

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Food and steel and machinery and guns and planes have been supplied in increasing quantities. Agricultural commodities worth \$110,606,550 have been transferred to the countries we are aiding. We have transferred to the United Kingdom more than 44 million pounds of cheese, more than 54 million pounds of eggs, more than 89 million pounds of cured pork, more than 110 million pounds of dried beans, and more than 114 million pounds of lard. We have transferred to them more than 3 million barrels of gasoline and oil. We have sent them many tanks. Merchant and naval ships and other transportation equipment are being transferred in growing amounts.

A substantial number of cargo ships and tankers have been chartered to the use of those countries whose defense is vital to our own. Our yards are repairing allied merchant ships. We are equipping allied ships to protect them from mines; and we are arming them, as much as possible, against aircraft, submarines, and raiders.

We have also, by repairing and outfitting their warships, helped the British and allied navies keep clear the vital sea lanes upon which depends continued resistance to Axis piracy. The repair of the battleship *Malaya* and the aircraft carrier *Illustrious* are outstanding examples of this naval assistance.

Over the whole range of technical and material assistance required by modern warfare, we are, under the lend-lease program, rendering effective help. Important defense information is being supplied to Britain and the other nations fighting the Axis powers. Our technicians are instructing the Allies in the assembly, operation, and maintenance of the tools coming from our factories. Across the United States and across Africa, our plane ferry service is linking the arsenals of America with democracy's outposts in the Middle East. On our airfields, thousands of British pilots are being, and will continue to be, trained, and already we are preparing a similar program to help the Chinese.

We have supplied equipment for the Yunnan-Burma Railroad and for the Burma Road in order to speed the flow of arms and materials to the heroic Chinese people. In addition to materials of war, we are furnishing China with medicine and technical assistance to fight the ravages of malaria. A military mission has also been dispatched to China in connection with the supplying of lend-lease aid.

The 7 billion dollars appropriated for purchasing defense articles has been available less than 6 months, and actual transfers from these funds have necessarily been limited to articles which could be purchased in a finished state or produced in that time. The speed with which future lend-lease transfers will be made depends largely on the speed with which our industries deliver the goods. The rate of our production must be accelerated, and every step to achieve that end must and will be taken.

These lend-lease deliveries are not, of course, the only materials which have been moving from our shores to the countries resisting aggression. Prior to the Lend-Lease Act, large contracts were placed here by Great Britain and by other countries from their own resources. Deliveries under these contracts are moving across the sea along with lend-lease articles. The true measure of the volume of war supplies moving from our shores is reflected in our total exports. Thus, since the beginning of the war, about \$4,400,000,000 worth of goods have been exported to the British Empire.

Figures alone cannot show the significance of our help. Americans may be justly proud of the way in which the tools they have forged are standing up when tested under fire. An American-made flying-boat spotted the Bismarck and American-made bombers blasted the Scharnhorst and the Gneisenau, and they have helped make possible the great raids of the R. A. F. in the Battle of Germany. In the wars of the Western Desert, fighter planes from our factories are in the vanguard of the attack and hundreds of our tanks stand ready to help rout the Nazi scourge from the African continent.

The British Empire has received the bulk of our aid. But we have also extended assistance to the many other countries engaged in the same struggle. China and the Dutch East Indies are receiving ever increasing quantities of supplies. The exiled governments of the countries under the Nazi yoke are sharing in the program. We are already outfitting Polish troops who are training in Canada for action overseas. We are also providing, directly or indirectly, aid for the Dutch, the Norwegians, the Greeks, the Belgians, and the Yugoslavs. We know that every group which yields to or collaborates with the Nazis makes our own defense that much more difficult. Likewise each group that resists Nazi aggression helps to keep the war from our own hemisphere.

The defense of the Western Hemisphere has been a prime consideration in our lend-lease program. Not only are we helping the European countries which stand athwart the Nazi path toward the Western Hemisphere, but we are also giving direct lend-lease aid to the countries of this hemisphere. We are strengthening Iceland, where our troops and ships now stand guard over the approaches of the North Atlantic, and we have already embarked upon a comprehensive program of material aid to the countries of Central and South America to strengthen the common defense of our good neighborhood.

The gallant resistance of the Russian people has been of enormous help to all peoples resisting the Nazi war machine. It has completely upset the Nazi time schedule and has destroyed the myth of Nazi invincibility. We are using the energies of our Government to make available supplies which are urgently needed by Russia. By speeding deliveries and by arranging the quickest transportation of American

materials, we are moving to strengthen the important Russian front. The Soviet Government's purchases here are being made with its own funds through its regular purchasing agency.

The people of the United States know that we cannot live in a world dominated by Hitlerism. They realize that there can be no real peace, no secure freedom until we have destroyed the evil forces which seek to work us woe. Through their chosen representatives, they have declared a firm and unalterable policy to build up an impregnable defense for this hemisphere, and to furnish unstinted material aid to the countries fighting against Nazi aggression and tyranny.

We are not furnishing this aid as an act of charity or sympathy, but as a means of defending America. We offer it because we know that piecemeal resistance to aggression is doomed to failure; because the ruthless war machine which now bestrides the continent of Europe can be combatted only by the combined efforts of all free peoples and at all strategic points where the aggressor may strike.

The lend-lease program is no mere side issue to our program of arming for defense. It is an integral part, a keystone, in our great national effort to preserve our national security for generations to come, by crushing the disturbers of our peace.

To those peoples who are gallantly shedding their blood in the front lines of this struggle, we must offer not only a shield but a sword, not merely the means to permit the stalemate of protracted defense, but the tools of a final and total victory.

This country has evolved the greatest and most efficient industrial system in history. It is our task to turn the workshops of our industry into mighty forges of war—to outbuild the aggressors in every category of modern arms. Only in this way can we build the arsenal of democracy.

On this task we are now engaged with ever increasing vigor. Planes, tanks, guns, and ships have begun to flow from our factories and yards, and the flow will accelerate from day to day, until the stream becomes a river, and the river a torrent, engulfing this totalitarian tyranny which seeks to dominate the world.

Franklin D. Roosevelt.

THE WHITE HOUSE,

September 11, 1941.

# SECOND REPORT UNDER THE ACT OF MARCH 11, 1941

(LEND-LEASE ACT)

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## **CONTENTS**

CHAPTER I. The Measure of Aid
CHAPTER II. General Summary of Lend-Lease Operations
CHAPTER III. Lend-Lease Operations
1. Procurement Procedures
2. Allocations, Obligations, and Expenditures
3. Transfers
4. Exports
CHAPTER IV. Distribution of Lend-Lease Materials Abroad
CHAPTER V. Scope of Lend-Lease Aid Rendered
1. British Food Program
2. Shipping Activities
3. Variety of Aid Made Available
4. China
5. Governments in Exile
6. Belgium
7. The Netherlands
8. The American Republics
9. Foreign Representation
Abroad
APPENDIX II Methods Evolved to Evnedite Defense Aid

(VII)

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## CHAPTER I

## THE MEASURE OF AID

This is the second 90-day report to the Congress on operations under the Lend-Lease Act. It describes the position of lend-lease with respect to exports of defense aid rendered; it gives a general summary of lend-lease operations as well as an account of defense aid received by various countries for our defense; further, it describes the scope of lend-lease aid rendered.

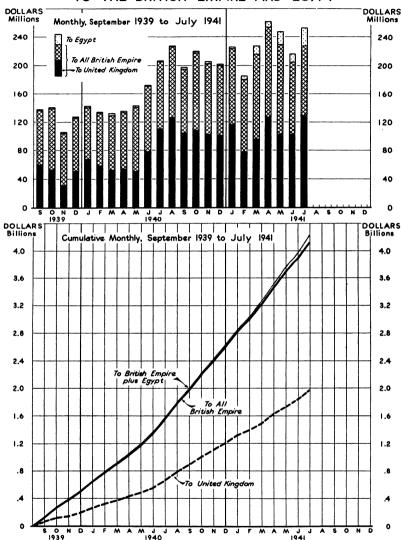
Prior to the passage of the Lend-Lease Act, the British and other foreign governments had placed contracts with American suppliers for the production of planes, tanks, guns, machine tools, and other defense articles. Large sums of money were expended for the expansion of existing facilities and for the creation of new plants. January 1941 over 3 billion dollars of British contracts alone had been placed in the United States. These foreign orders strengthened our own defense by increasing our productive armament capacity.

The process of elimination of European countries on a "one by one" basis created a danger which the United States could not afford to ignore. As the threat of aggression pressed ever closer to our security, experience demonstrated that only through the united efforts and united resources of the remaining free nations of the world could our own freedom be preserved. By the passage of the Lend-Lease Act on March 11, 1941, this country proclaimed its intention to supply defense articles to any nation which, in using them, could contribute effectively to the defense of the United States.

Present operations under the Lend-Lease Act cannot alone give a true picture of the part being played by the United States in strengthening resistance to aggression wherever it is found. the true measure of the aid rendered by American shops and farms to the countries resisting aggression is represented by the combination of aid under the Lend-Lease Act and of materials delivered pursuant to contracts placed by the governments of the countries from their own resources. The following charts are illustrative of this aid:

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## UNITED STATES EXPORTS' TO THE BRITISH EMPIRE AND EGYPT



\*Including reexports

C-398

## CHAPTER II

## GENERAL SUMMARY OF LEND-LEASE OPERATIONS

Much progress has been made in implementing the objectives of the Lend-Lease Act since March 11, 1941. As of August 31, 5,373 requests for defense articles and services had been received by the Division of Defense Aid Reports from 12 different countries.

Tables showing requisitions received, by countries, and distribution of requisitions received, by cognizant United States agencies, follow:

Requisitions received through Aug. 31, 1941

	Re	quisitions receive	đ
Country	Lend- Lease	Cash reim- bursement	Total
Belgium	18		18
Brazil	46	10	56
Chile	22		22
China	320		320
Colombia	1		1
Cuba	49		49
Dominican Republic	41	27	68
Greece	16		16
Netherlands	7	29	36
Norway	7	1	8
Poland	32		32
United Kingdom	4, 736	11	4, 747
Total	5, 295	78	5, 373

## Distribution of requisitions by cognizant United States agencies

Country	War	Treas- ury	Maritime Commis- sion	Navy	Joint Aircraft Com- mittee	Agri- culture	Other 1	Total
Belgium	18							18
Brazil	55			1				56
Chile	22	- <b></b>						22
China	159	134	17	<b></b>	8		2	320
Colombia				1				1
Cuba	33			11	5			49
Dominican Republic	39			29				68
Greece	7		2	<b>-</b> -			7	16
Netherlands	29			6			1	36
Norway	4			3	1			8
Poland	32							32
United Kingdom	2, 634	891	448	374	213	158	29	4, 747
Total	3,032	1,025	467	425	227	158	39	5, 373

<sup>1</sup> Includes requisitions cancelled and held.

All requests for lend-lease aid are carefully scrutinized and checked by the Division of Defense Aid Reports, by the Bureau of the Budget, and by the staff of the procuring agency concerned, i. e., either the Army, Navy, Maritime Commission, Department of Agriculture, or Treasury Procurement Division. All items not essential to the successful prosecution of the war effort are eliminated. The governments receiving lend-lease aid have been scrupulous to limit their requests to vital needs. No requests for such items as living or administrative expenses of any foreign purchasing commission or agency have been made.

Total allocations under the Lend-Lease Act which amounted to \$4,277,412,879 as of May 31, had increased to \$6,281,237,421 by August 31, or from 61 percent to 90 percent of the available appropriation. Thus, 90 percent of the appropriation has been allocated on the basis of specific requisitions and has passed from the stage of planning into active procurement operations Within 6 weeks no funds should remain to meet requests which already total much in excess of unallocated balances.

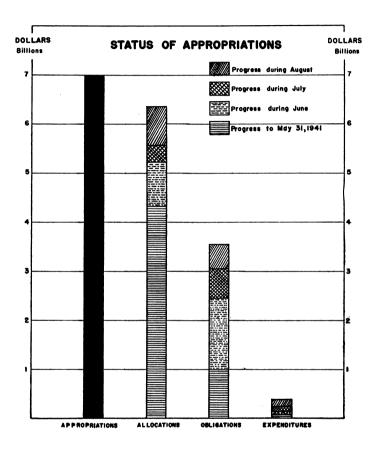
Obligations as of August 31 totaled \$3,555,587,895, or three and one-half times the May 31 figure of \$995,015,322. Furthermore, whereas on May 31 obligations were only 23 percent of allocations, on August 31, 57 percent of allocations had been obligated.

Exports of defense articles provided under lend-lease during the 3 months ended August 31, 1941, totaled eight times such exports in the period between March 11 and May 31, 1941, indicating the steadily accelerating pace of defense aid.

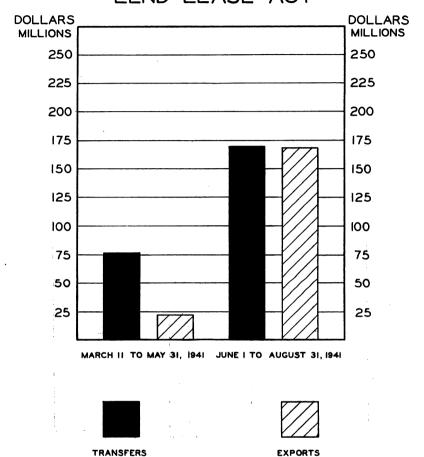
Total defense articles exported under the act during the period from March 11 through August 31, 1941, were valued at \$190,447,670, of which 89 percent were exported in the 90 days ended August 31. During the period from March 11 to June 1, 1941, exports amounted to only 29 percent of transfers made. During the period of June 1 through August 31, 1941, however, exports were 98 percent of transfers made. This demonstrates the fact that lend-lease goods are now being transported and absorbed by shipping very nearly as rapidly as they are being made available.

A graphic presentation of progress under the Lend-Lease Act and of the relationship of exports to transfers is given in the pages following.

## CHART OF PROGRESS UNDER AN ACT TO PROMOTE THE DEFENSE OF THE UNITED STATES



## TRANSFERS AND EXPORTS UNDER LEND-LEASE ACT





## CHAPTER III

## LEND-LEASE OPERATIONS

### 1. PROCUREMENT PROCEDURES

The administration of the Lend-Lease Act and its related activities is the duty of the Division of Defense Aid Reports in the Office for Emergency Management of the Executive Office of the President. Through this office flow the actual requisitions for defense articles, the recommendations of the various operating departments, as well as the control records of all allocations, transfers, contracts, and shipments.

If a requisition is approved and an allocation of funds is made by the President, procurement is undertaken by the department concerned in accordance with its normal procurement procedure. The necessary priorities to insure prompt delivery are arranged through the procuring agency. Additions to facilities, if necessary, are worked out with the appropriate authorities, and the transportation of the finished goods is planned with the assistance of transportation specialists in various fields. Official action on such requisitions can only be taken if, on the one hand, a formal request has been made by the properly accredited representative of the foreign government, and, on the other, a formal recommendation with respect to this request has been submitted by the United States Government agency best qualified to deal with the particular item.

In addition to the foregoing, a foreign country in the lend-lease area may file a requisition with the Division of Defense Aid Reports for the purchase of a specific item on a "cash reimbursement" basis. This system of purchasing provides for the procurement of an item in precisely the same way as that used for other lend-lease operations, with the exception that the foreign government deposits cash with the United States Treasury against the value of the goods to be purchased.

The use of the lend-lease mechanism for the making of such purchases is beneficial to the United States defense program because, under such a system, foreign orders, even though paid for in advance, become United States Government contracts under the supervision and control of United States Government agencies. This obviates the need for separate foreign priority ratings as well as limiting the chances for conflicting production, exorbitant prices, and the misuse of raw materials, labor, and plant facilities.

During the 3 months ended August 31, 1941, there occurred the first so-called "cash reimbursement" transactions under the Lend-Lease Act. A total of \$4,206,440 was deposited with the United States Treasury during the period by four countries to cover purchases of defense articles procured for them by United States Government agencies. These deposits were distributed by countries and by procuring United States Government departments as follows:

Country	Cognizant	department	Total
Country	War	Navy	1000
Brazil	\$1, 170, 000. 00	\$597, 900. 00	\$1, 170, 000. 00 597, 900. 00
Dominican Republic		126, 766. 22	126, 766. 22
The Netherlands	1, 660, 090. 65	651, 684. 00	2, 311, 774. 65
Total	2, 830, 090. 65	1, 376, 350. 22	4, 206, 440. 87

Besides these two procurement operations under the provisions of the Lend-Lease Act, the Division of Defense Aid Reports has assisted foreign governments in the lend-lease area in making direct cash contracts with American suppliers for the purchase of defense articles. Certain countries, such as the Netherlands East Indies and China, have continued to place cash orders in the United States.

In order that such direct cash operations may be made more effective, foreign governments file a Purchase Negotiation Report for the purpose of securing an allocation of production capacity, adequate priority ratings, and information as to sources of supply. The Division of Defense Aid Reports clears all Purchase Negotiation Reports with the Office of Production Management which, in turn, coordinates the views of the War and Navy Departments with its own, so that a composite recommendation may be made to the foreign government requesting such help.

During the period since March 11th close to 1,200 Purchase Negotiation Reports were received by the Division of Defense Aid Reports. Of these, around two-thirds were filed on behalf of The Netherlands, around 10 percent on behalf of China, and the remainder by other countries.

In connection with the foregoing, it should be pointed out that in some instances Purchase Negotiation Reports are filed by such countries as the United Kingdom and China where the particular items involved may not be "lend-leasable" or where as an administrative matter a direct cash transaction is desirable.

## 2. ALLOCATIONS, OBLIGATIONS, AND EXPENDITURES

Allocations of defense-aid funds are made on the basis of recommendations from the cognizant United States Government agencies. The agencies are then empowered to obligate the money so provided for the procurement contemplated by the related requisitions. The Defense Aid Supplemental Appropriation Act, 1941, made \$7,000,000,000 available for lend-lease purposes. Of this amount, \$6,281,237,421, or approximately 90 percent, had been allocated and \$3,555,587,895 obligated by August 31, 1941. On May 31 expenditures totaled \$68,078,942 and increased to \$388,912,155 on August 31.

Total allocations, obligations, and expenditures at August 31 by individual agencies and by appropriation categories are shown in the tables below:

Allocations, obligations, and expenditures under the Defense Aid Supplemental Appropriation Act, 1941, by departments, as of Aug. 31, 1941

Department or agency	Allocations	Obligations	Expenditures
War Department	\$3, 741, 418, 274	\$2, 247, 892, 241. 87	\$45, 210, 506. 45
Navy Department	1, 105, 743, 081	318, 568, 905. 12	34, 541, 071. 31
Maritime Commission	651, 864, 023	617, 149, 075. 43	183, 931, 680. 65
Treasury Department	348, 495, 118	120, 453, 401. 55	14, 568, 804. 21
Department of Agriculture	433, 411, 925	251, 442, 610. 43	110, 609, 049. 89
Federal Security Agency	140, 000		
Department of State	15,000		
Executive Office of the President	25, 000	5, 480. 89	5, 270. 89
Office for Emergency Management	100,000	73, 557. 36	43, 108. 90
Bureau of the Budget	25, 000	2, 622. 75	2, 622. 75
Total	6, 281, 237, 421	3, 555, 587, 895. 40	388, 912, 115. 05

Allocations, obligations, and expenditures under the Defense Aid Supplemental Appropriation Act, 1941, by appropriation categories, as of Aug. 31, 1941

Appropriation category	Allocations	Obligations	Expenditures
Ordnance and ordnance stores.	\$1, 422, 145, 460	\$584, 476, 115. 46	\$16, 663, 550. 79
Aircraft and aeronautical material	2, 027, 398, 269	1, 347, 140, 839, 54	19, 297, 791. 66
Tanks and other vehicles	394, 032, 238	222, 247, 262. 50	9, 252, 525. 81
Vessels and other watercraft	699, 496, 490	588, 277, 440. 71	109, 617, 971. 87
Miscellaneous military equipment	112, 741, 205	55, 862, 860. 69	6, 290, 855. 73
Facilities and equipment	501, 913, 530	262, 160, 386. 01	41, 202, 695, 68
Agricultural, industrial, and other commodities	975, 008, 578	428, 471, 283.00	152, 476, 446. 07
Testing, reconditioning, etc., of defense articles	130, 092, 571	65, 163, 231. 89	32, 672, 182. 33
Services and expenses	13, 350, 506	1, 463, 123, 44	1, 231, 670. 37
Administrative expenses	5, 058, 574	325, 352. 16	206, 424. 74
Total	6, 281, 237, 421	3, 555, 587, 895. 40	388, 912, 115. 05

<sup>&</sup>lt;sup>1</sup> Of this amount, \$13,000,000 was used to reimburse the Treasury Department for Coast Guard vessels transferred to the United Kingdom, leaving \$6,987,000,000 available for allocation.

<sup>&</sup>lt;sup>2</sup> Expenditures represent that part of obligated funds to which a claim has been established by a supplier on the basis of articles or services either completed or in process.

The significance of these allocations and obligations can best be illustrated by an analysis of the variety and types of defense articles to which they relate. For example, a billion and a quarter dollars has been allocated for bombers; over a half billion for ammunition; over a half billion for merchant shipping; over \$350,000,000 for food; and over \$200,000,000 for tanks and combat vehicles. About \$440,000,000 has been allocated for the development of facilities for the production and distribution of defense articles, which will be a permanent addition to our defense plant.

Almost a billion has already been obligated for the production of bombers; almost a half billion for merchant shipping; over a quarter billion for ammunition; and over \$125,000,000 for tanks.

The following table shows how lend-lease funds have been allocated and obligated for various types of equipment, commodities, and services.

Allocations, obligations, and expenditures under the Defense Aid Supplemental Appropriation Act, 1941, by appropriation categories and purpose classifications, as of Aug. 31, 1941

Appropriation category and purpose classification	Allocations	Obligations	Expenditures
Ordnance and stores:			
Ammunition:			
Small-arms ammunition	\$113, 349, 476. 00	\$69, 542, 589. 48	\$610.36
Artillery ammunition	439, 331, 951.00	181, 394, 905. 43	5, 407, 006. 58
Aircraft bombs and pyrotechnics	20, 161, 560. 00	4, 673, 942. 77	836, 722, 80
Torpedoes.	7, 000, 000, 00		
Explosives, propellent powders, and mis-	.,,		
cellaneous ammunition	19, 944, 430. 00	4, 032, 195. 68	810, 244. 46
Subtotal	599, 787, 417. 00	259, 643, 633. 36	7, 054, 584. 20
Ordnance material:	<del></del>		
Small arms and infantry weapons	121, 888, 772. 00	36, 019, 754, 92	1, 958, 552, 83
Artillery material	90, 623, 426. 00	52, 396, 396. 03	90, 789, 67
Antiaircraft material	357, 480, 500, 00	112, 442, 242, 21	4, 278, 514. 00
Aircraft armament	132, 525, 250. 00	87, 149, 657, 93	1, 126, 033. 83
Miscellaneous fire control	32, 062, 554. 00	2, 590, 241, 73	1, 120, 000. 66
Naval guns	15, 208, 850. 00	30, 000, 000. 00	
Torpedo equipment	2, 932, 000. 00	286, 300. 00	
Mine equipment	4, 506, 000. 00	3, 896, 628. 25	719, 491. 81
Miscellaneous ordnance and ordnance	4, 000, 000.00	0, 080, 020. 20	110, 101. 01
stores	1, 170, 766. 00		
Subtotal	758, 398, 118. 00	324, 781, 221. 07	8, 173, 382. 14
Armor (naval)	15, 000, 000. 00		
Stock fund and shop expense—Army (net)		51, 261. 03	11, 240, 59
General procurement expense	6, 831, 000. 00		,
Working fund for emergency purchases.	400, 000. 00		
Undistributed	41, 728, 925. 00		1, 424, 343. 86
Total	1, 422, 145, 460. 00	584, 476, 115. 46	16, 663, 550. 79

Allocations, obligations, and expenditures under the Defense Aid Supplemental Appropriation Act, 1941, by appropriation categories and purpose classifications, as of Aug. 31, 1941—Continued

Appropriation category and purpose classification	Allocations	Obligations	Expenditures
Aircraft and aeronautical material:			
Aircraft:		İ	
Bombardment	\$1, 286, 175, 700.00	\$913, 878, 518. 12	\$3, 995, 034. 94
Pursuit, interceptor and fighter	241, 672, 000. 00	174, 708, 990. 06	6, 948. 12
Observation	19, 823, 000. 00	26, 314, 548. 00	
Transport, utility, and other	50, 147, 000. 00	48, 896, 797. 46	2, 548, 934. 36
Training	112, 147, 070. 00	71, 044, 250. 28	209, 103. 12
Subtotal	1, 709, 964, 770. 00	1, 234, 843, 103. 92	6, 760, 020. 54
Aircraft—Engines, spare parts and accessories:			
Spare engines and engine parts	98, 828, 346.00	55, 096, 411. 06	302, 634. 79
Spare propellers and spare propeller parts	47, 000, 000. 00	30, 074, 172. 09	1, 210, 756. 96
Accessories and other parts	11, 170, 191. 00	5, 591, 602. 38	1, 352, 755. 63
Subtotal	156, 998, 537. 00	90, 762, 185. 53	2, 866, 147. 38
General aeronautical supplies and equipment.	24, 177, 000. 00	15, 447, 233. 34	446, 371, 61
Construction for storage of materials, etc	14, 583, 500.00	3, 080, 775. 43	272.90
Modernization and reconditioning of com-			
pleted aircraftGeneral procurement expense	25, 000, 000. 00	3, 007, 541. 32	96, 406. 43
Undistributed	96, 674, 462. 00		9, 128, 572. 80
Total	2, 027, 398, 269. 00	1, 347, 140, 839. 54	19, 297, 791. 66
Tanks and other vehicles:			
Ordnance vehicles:			
Tanks	182, 173, 000. 00	128, 783, 277. 00	
Other ordnance combat vehicles (except			
tanks)	18, 215, 000. 00	13, 885, 600. 00	
Ordnance tractors and special vehicles Miscellaneous ordnance automotive sup-	6, 405, 400. 00	1, 422. 31	
plies, spare parts, components, acces-			
sories, etc. (for ordnance combat and			
noncombat vehicles)	50, 371, 064. 00	18, 549, 604. 22	2. 344, 753. 40
			2. 011, 700. 10
Subtotal	257, 164, 464. 00	161, 219, 903, 53	2, 344, 753. 40
Other than ordnance vehicles:			
Trucks	81, 663, 625. 00	50, 471, 694. 52	4, 624, 916. 38
Automobiles	865, 499. 00	554, 918. 27	
Other automotive vehicles	7, 583, 150. 00	5, 475, 562. 44	491, 559. 80
Miscellaneous automotive supplies, spare			
parts, components, accessories, etc. (for			
other than ordnance vehicles)	15, 469, 913. 00	4, 525, 183. 74	369, 555. 73
Storage—Handling and packing of defense articles	182, 592. 00		
Subtotal	105, 764, 779. 00	61, 027, 358. 97	5, 486, 031. 91
General procurement expense	2, 277, 000. 00		
Undistributed	28, 825, 995. 00		1, 421, 740. 50
Total	394, 032, 238. 00	222, 247, 262. 50	9, 252, 525. 81

Allocations, obligations, and expenditures under the Defense Aid Supplemental Appropriation Act, 1941, by appropriation categories and purpose classifications, as of Aug. 31, 1941—Continued

Expenditures	Allocations Obligations		Appropriation category and purpose classification	
			Vessels and equipment for vessels:	
			Watercraft:	
\$557.0	\$557. 01	\$14, 854, 000. 00	Combatant	
863, 027. 6	31, 440, 244. 94	92, 642, 000. 00	Naval auxiliary and small craft	
69, 211, 833. 5	493, 913, 344. 54	508, 422, 800. 00	Merchant	
70, 075, 418. 1	525, 354, 146. 49	615, 918, 800. 00	Subtotal	
4, 753, 853. 7	28, 134, 594. 22	47, 457, 690. 00	Equipage	
34, 788, 700. 0	34, 788, 700. 00	35, 711, 500. 00	Rental charter of vessels	
		400, 000. 00	Working fund for emergency purchases	
<del>-</del>		8, 500. 00	Undistributed	
109, 617, 971. 8	588, 277, 440. 71	699, 496, 490. 00	Total	
			Miscellaneous military equipment, supplies and	
			materials, quartermaster equipment, supplies, and materials:	
3, 014. 4	630, 389. 88	1, 509, 193. 00	Clothing	
1, 137, 523. 8	3, 769, 253, 57	4, 701, 579. 00	Equipage	
4, 110. 5	451, 997. 60	557, 335. 00	Kitchen, mess, and field baking equipment	
-,		1, 158, 637. 00	Tractor cranes	
25, 034. 4	25, 034. 43	5, 012, 700. 00	Fuel	
1, 616. 6	1, 616. 68	570, 000. 00	ProvisionsStorage—Handling and packing of defense	
2, 730. 7	2, 730. 79	459, 809. 00	articles	
54, 990. 3	3, 390, 595, 96	10, 544, 670. 00	Miscellaneous quartermaster supplies	
1, 229, 021. 0	8, 271, 618. 91	24, 513, 923. 00	Subtotal	
		830, 538. 00	Medical equipment, supplies and material	
1, 912, 921. 6	39, 996, 083. 14	62, 894, 159. 00	Signal equipment, supplies and material	
874, 490. 3	4, 223, 891. 06	6, 266, 536. 00	rial	
300, 361. 9	3, 371, 267. 58	8, 631, 201. 00	Engineer equipment, supplies and material	
		3, 567, 664. 00	Air Corps equipment, supplies and material	
1, 974, 060. 7		6, 037, 184. 00	Undistributed	
6, 290, 855. 7	55, 862, 860. 69	112, 741, 205. 00	Total	
			Facilities and equipment for production:	
39, 531, 080. 74	49, 194, 005. 79	56, 640, 133. 00	Acquisition of land and appurtenances	
		23, 000. 00	Rental of appurtenances and facilities	
			Buildings:	
	114, 429, 952. 22	126, 645, 729. 00	On Government-owned property On other than Government-owned prop-	
	504, 138. 00	504, 138. 00	erty	
	114, 934, 090, 22	127, 149, 867. 00	Subtotal	
	<del></del>		Machinery and equipment including that for	
306, 911. 21	38, 095, 518. 09	65, 378, 757. 00	transfer	
000, 011. 2.	00,000,010.00	00, 010, 101.00	Investment in facilities not owned by agency:	
			Investment in facilities owned by Defense	
	53, 294, 189. 00	53, 294, 189. 00	Plant Corporation	
· <b></b>	,,	,,	General procurement expense	
1, 364, 703. 7	6, 642, 582. 91	199, 427, 584. 00	Undistributed	

Allocations, obligations, and expenditures under the Defense Aid Supplemental Appropriation Act, 1941, by appropriation categories and purpose classifications, as of Aug. 31, 1941—Continued

Appropriation category and purpose classification	Allocations Obligations		Expenditures
Agricultural, industrial, and other commodities			
and articles:			
Agricultural products—Foodstuffs:			
Dairy products and eggs	\$98, 373, 500. 00	\$62, 790, 066. 33	\$33, 921, 408. 8
Meat, fish, fowl	121, 048, 300. 00	66, 900, 300. 00	26, 367, 807. 80
Fruits, vegetables, and nuts	83, 306, 000. 00	26, 011, 812. 24	12, 107, 641. 1
Grain and cereal products	10, 438, 500. 00 263, 800. 00	7, 728, 312. 80 245, 800. 00	4, 774, 2 3. 19 180, 313. 4
Lard, fats, and oils	29, 150, 000. 00	16, 164, 945. 47	11, 784, 428. 3
Other foodstuffs not classified above	12, 795, €00. 00	4, 213, 643. 96	981, 775. 1
Subtotal	355, 375, 700. 00	184, 054, 880. 80	90, 117, 587. 86
Agricultural products—Other than foodstuffs:			
Cotton	37, 758, 000. 00	29, 490, 400. 00	6, 897, 040. 0
Tobacco	37, 427, 920. 00	37, 427, 920. 00	13, 591, 922. 40
Other	614, 595. 00	150, 000. 00	
Subtotal	75, 800, 515. 00	67, 068, 320. 00	20, 488, 962, 40
Machinery, equipment, materials, and sup-			
plies:  Machine tools	66, 900, 00	6, 376, 80	
Agricultural implements	7, 263, 714. 00	4, 235, 267. 07	226, 086. 47
Road building equipment, materials, and			•
supplies Electrical equipment, materials, and sup-	6, 788, 694. 00	5, 052, 443. 40	829, 848. 58
plies	5, 580, 123. 00	764, 075. 26	37, 744. 59
Fire-fighting equipment, materials, and	, ,	, , , , , , , , , , , , , , , , , , , ,	,.
supplies Railroad equipment, materials, and sup-	1, 492, 920. 00	629, 061. 79	335, 631. 37
plies	16, 360, 000. 00	598, 612. 43	84, 736. 40
Other	13, 085, 301. 10	5, 151, 047. 57	18, 446. 80
Undistributed	1, 678, 750. 00	4, 958. 00	4, 303. 00
Subtotal	52, 316, 402. 10	16, 441, 842. 32	1, 536, 797. 21
Minerals:			
Iron and steel	128, 783, 948. 40	53, 460, 341. 40	5, 206, 102. 82
Copper and brass	17, 974, 766. 00	1,761,001.58	574, 880. 03
Aluminum Zinc	1, 178, 162. 00 20, 907, 500. 00	147, 326. 10 3, 759, 728. 67	4, 823. 96 1, 848, 947. 46
Lead	936, 000. 00	689, 011. 14	170, 011, 14
Other metals and alloys	13, 713, 896. 00	6, 947, 241. 48	579, 294. 62
Nonmetallic minerals	8, 430, 500. 00		
Subtotal	191, 924, 772. 40	66, 764, 650. 37	8, 384, 060. 03
Chemicals:			
Nitrates	500, 000. 00		
PhosphatesOther	12, 850, 000. 00 13, 912, 041. 00	4, 446, 047. 72 6, 939, 583. 19	636, 057. 37 667, 415. 58
Subtotal	27, 262, 041. 00	11, 385, 630. 91	1, 303, 472. 95
Petroleum and coal products	65, 037, 199. 00	28, 942, 720. 02	6, 455, 673. 82
Timber products	13, 937, 480. 00	2, 993, 726. 86	<del>-</del>
Equipment, materials, and other charges for naval			
and military bases	88, 790, 000. 00	24, 587, 209. 90	11, 734, 998. 06
Civilian medical supplies	3, 954, 483. 00	1, 221, 100. 50	141, 120. 00

Allocations, obligations, and expenditures under the Defense Aid Supplemental Appropriation Act, 1941, by appropriation categories and purpose classifications, as of Aug. 31, 1941—Continued

Appropriation category and purpose classification	Allocations Obligations		Expenditures
All other commodities and articles not otherwise			
classified	\$40, 507, 708. 50	\$12, 429, 641. 79	\$261, <b>04</b> 5. <b>02</b>
Training of personnel	764, 820. 00		
Outfitting vessels	16, 378, 120. 00	11, 862, 627. 12	11, 862, 627. 12
Working fund for emergency purchases	10, 000, 000. 00	718, 932. 41	190, 101. 60
General procurement expense	10, 000. 00		
Undistributed	32, 949, 337. 00		
Total	975, 008, 578. 00	428, 471, 283. 00	152, 476, 446. 07
Servicing of defense articles:			
Vessels	99, 052, 903. 00	63, 344, 243. 85	32, 084, 513. 24
Other defense articles	20, 976, 468. 00	90, 000. 00	43, 358. 16
Defense-aid stores	10, 000, 000. 00	1, 728, 988. 04	544, 310. 93
Undistributed	63, 200. 00		
Total	130, 092, 571. 00	65, 163, 231. 89	32, 672, 182. 33
Miscellaneous services and expenses:			
Transportation and freight	3, 394, 700. 00	1, 208, 470. 39	1, 028, 228. 57
Miscellaneous and contingent expenses	5, 570, 806. 00	253, 104. 95	192, 699. 18
Survey of port facilities	25, 000. 00	1, 548. 10	300.00
Undistributed	4, 360, 000. 00		10, 442. 62
Total	13, 350, 506. 00	1, 463, 123. 44	1, 231, 670. 37
Administrative expenses	5, 058, 574. 00	325, 352. 16	206, 424. 74
Grand total	6, 281, 237, 421. 00	3, 555, 587, 895. 40	388, 912, 115.05

As noted in the table above, during the period from March 11 through August 31, 1941, \$501,913,530 was allocated for facilities and equipment, of which \$61,431,593 was allocated for the procurement of machine tools needed by Britain and China.

Funds for additional facilities were distributed among the War Department, Navy Department, Treasury Department, and the Maritime Commission, and covered a total of 86 projects in this country plus tools for export. The distribution of these funds and projects among the several departments was as follows:

Department	Amount allocated	Number of projects
FACILITIES IN THE UNITED STATES  Maritime	\$50, 000, 000 97, 980, 000	15 33
War MACHINE TOOLS FOR EXPORT	292, 501, 937	38
Treasury	278, 591 61, 153, 002	
Total	501, 913, 530	86

An analysis of allocations for facilities, by agencies and subclassifications follows:

#### ALLOCATIONS FOR FACILITIES

War Department:		
Ordnance Department	\$152, 330, 000	
Air Corps	102, 141, 737	
Chemical Warfare	16, 677, 200	
Corps of Engineers	6, 000, 000	
Quartermaster Corps	15, 000, 000	
Machine tools	61, 153, 002	
Transportation items	353, 000	
-		\$353, 654, 939
Navy Department:		
Bureau of Ordnance	57, 720, 000	
Bureau of Ships	2, 685, 000	
Bureau of Yards and Docks	575, 000	
Bureau of Aeronautics	37, 000, 000	
-		97, 980, 000
Maritime Commission:		
Additional shipways	49, 200, 000	
Plant for turbines	800, 000	
-		50, 000, 000
Treasury Department:		
Machine tools	278, 591	
-		278, 591
Total		501, 913, 530

With the help of lend-lease funds, the productive capacity of this country has thus been increased tremendously. Facilities for bombs, for planes, and for ships are now being built. Shipways in nine States are now under construction and are scheduled for completion by the end of this year.

#### 3. TRANSFERS

Defense articles transferred to foreign governments totaled \$246,-394,372 at August 31, 1941, in contrast to only \$75,202,426 at May 31, 1941. These figures include defense articles procured under the Defense Aid Supplemental Appropriation Act, 1941, and defense articles procured with appropriations made prior to March 11, 1941. Summary of such transfers by departments and categories is as follows:

Defense articles transferred under the Lend-Lease Act, by departments, as of Aug. 31, 1941

Department or agency	From appropriations made prior to Mar. 11, 1941	From Defense Aid Supplemen- tal Appropriation Act	Total
War Department Navy Department Maritime Commission Treasury Department Department of Agriculture	\$60, 377, 531. 52 13, 683, 283. 39 10, 492, 908. 01 13, 256, 000. 00	\$14, 024, 216. 07 7, 358, 646. 18 2, 057, 124. 83 14, 538, 111. 41 110, 606, 550. 26	\$74. 401, 747. 59 21, 041, 929. 57 12, 550, 032. 84 27, 794, 111. 41 110, 606, 550. 26
Total	97, 809, 722. 92	148, 584, 648. 75	246, 394, 371. 67

Defense articles transferred under the Lend-Lease Act, by appropriation categories, as of Aug. 31, 1941

Appropriation category	From appropria- tions made prior to Mar. 11, 1941	From Defense Aid Supplemen- tal Appropriation Act	Total
Ordnance and ordnance stores	\$41, 791, 789. 90	\$3, 314, 651. 24	\$45, 106, 441, 14
Aircraft and aeronautical material	3, 924, 025, 14	4, 952, 704. 43	8, 876, 729, 57
Tanks and other vehicles	16, 570, 807. 18	7, 830, 785, 31	24, 401, 592, 49
Vessels and other watercraft	31, 936, 636, 71	1, 889, 004. 46	33, 825, 641. 17
Miscellaneous military equipment	3, 531, 837. 81	1, 157, 934. 51	4, 689, 772. 32
Facilities and equipment		318, 671. 56	318, 671. 56
Agricultural, industrial, and other commodities		128, 465, 806. 41	128, 465, 806. 41
Testing, reconditioning, etc., of defense articles	54, 626. 18	641, 140. 83	695, 767. 01
Services and expenses		13, 950. 00	13, 950, 00
Total	97, 809, 722. 92	148, 584, 648. 75	246, 394, 371 67

To maintain an accurate record of defense articles transferred to other nations, the Division of Defense Aid Reports has established a standard procedure for all cooperating departments and agencies with respect to receipts required from foreign governments in connection with such transfers.

In addition to transfers of defense articles amounting to \$246,394,-371, the aid already rendered has included completed defense services and partial transfers on defense projects totaling \$78,169,377. This aid is made up of the following items:

· Item	Amount
(1) Testing and reconditioning of vessels and other defense articles (2) Outfitting vessels with agricultural, industrial, and other commodities. (3) Equipage, supplies, and material for vessels. (4) Rental and charter hire of vessels. (5) Military and naval bases.	\$15, 211, 683, 89 11, 862, 627, 12 4, 571, 368, 78 34, 788, 700, 00 11, 734, 998, 06
Total	78, 169, 377. 85

The nature of these items is such that their true importance cannot be gained from a mere examination of their titles and value. Accordingly, a fuller description is given in Chapter V of such of these items as may be appropriately discussed, consideration being had for the necessity of withholding information of military value.

#### 4. EXPORTS

Defense articles have been exported to the theaters of war, and to the industrial centers of the nations resisting aggression throughout the world. While 70 percent of total exports have gone to the United Kingdom, substantial assistance has also been given to the allied fighting forces in the Middle East. In summary, the value of defense articles exported to the various areas was as follows:

Exports of lend-lease cargoes, Aug. 31, 1941

Category	United Kingdom, Middle East, and Africa	Western Hemisphere	Others	Total
Ordnance and ordnance stores	\$35, 498, 809 6, 016, 145	\$3,000	<b>\$273, 712</b>	\$35, 775, 521 6, 016, 145
Tanks and other vehicles.	26, 260, 631		1, 903, 098	28, 163, 729
Vessels and other watercraft	2, 313, 720			2, 313, 720
Miscalianeous military equipment  Agricultural, industrial, and other commodities	104, 017 115, 760, 348	256, 088	2, 058, 102	104, 017 118, 074, 538
rigination, manufacturing and other commodities		200,000	2,000,102	
Total.	185, 953, 670	259, 088	4, 234, 912	190, 447, 670

During the month of August 1941, 574,671 tons of lend-lease cargoes cleared United States ports for the United Kingdom and the Middle East.

#### CHAPTER IV

#### DISTRIBUTION OF LEND-LEASE MATERIALS ABROAD

The policy of the Division of Defense Aid Reports in regard to the use and distribution of lend-lease materials which have been delivered to a foreign country has been carefully explored.

The practical application of this policy has been the subject of friendly negotiation for several weeks with His Majesty's Government in the United Kingdom. On September 10, 1941, a formal memorandum covering the agreement reached between our two governments was handed to our Ambassador by Mr. Anthony Eden.<sup>1</sup>

This memorandum contains two basic assurances by the British. The first assurance is that lend-lease materials which might be available for reexport have been and will be used within the Empire, and then only for needs essential to the war effort. This assurance was required and freely given because it was the will of Congress and the American people that goods lend-leased to a country should be used by that country in the war effort. It has, therefore, been the policy, and His Majesty's Government have assured us that lend-lease articles themselves have not, and will not be, reexported.

The second basic assurance contained in this memorandum is that the British will not permit exports of materials similar to those lend-leased to them, in any manner which will enable their exporters to enter new markets or to extend their trade at the expense of United States exporters. The entire British export trade is restricted to the irreducible minimum necessary to supply or obtain materials essential to the war effort. Additional restrictions are imposed upon the export of materials similar to those obtained by the British under the Lend-Lease Act where there is a shortage of such materials in the United States.

We have recognized that the United States cannot supply the British Empire through lend-lease with everything that Britain needs for its war effort. There are essential articles that the British must obtain here which do not come within the scope of the act and there are also many things which they must obtain in other countries. Payment for these necessities can only be made through the medium of British exports. Lend-lease policy, as expressed in the September

<sup>&</sup>lt;sup>1</sup> The full text of the memorandum agreement is set forth in the appendix.

10 memorandum, recognizes this necessity, while at the same time affording the maximum protection to the interests of the United States.

Despite this policy, charges have been made, particularly in the three or four months after the passage of the act on March 11, 1941, that the British have been using lend-lease materials to compete with United States exporters in foreign markets, particularly in South America. These charges are without foundation, as a few facts will help to demonstrate.

The Defense Aid Supplemental Appropriation Act, 1941, was enacted on March 27, 1941. Requests for raw materials and articles available for re-export were not filed for some considerable time thereafter and shipments of such articles, e. g., semifinished steel, tinplate, etc., did not begin until mid-July or later. Thus it is almost impossible that lend-lease materials could have been fabricated and re-exported when these charges were made. The competition complained of was clearly competition from Britain's own products, and occurred at a time when Britain was rapidly depleting her own capital resources in America in order to pay for her war supplies.

This competition is steadily decreasing. British exports have declined precipitately in volume since 1937. For example, United Kingdom exports of iron and steel manufactures to points outside the Empire dropped 70 percent from 1937 to 1940. Exports of machinery and cotton piece goods each dropped 60 percent in the same period. The first 6 months of 1941 showed an even more drastic decline. For this period exports of iron and steel manufactures dropped a further 51 percent from the already low level of 1940, exports of machinery dropped a further 46 percent, and exports of cotton piece goods dropped a further 55 percent. Thus in the first 6 months of 1941 the exports of these three major categories of articles were only 14.7, 21.6, and 18.2 percent, respectively, of their 1937 level.

The memorandum of September 10, 1941, also deals with another aspect of the distribution of lend-lease materials abroad as to which the Division of Defense Aid Reports has felt a responsibility.

It has been the policy of the Division that lend-lease goods are not to be used to further any private or local interests in the countries to which they are transferred. In the great majority of cases this possibility of private gain is not present, since most types of defense articles are used or distributed directly by the government to which they are transferred. In a number of cases, however, e. g., spare parts for tractors, trucks, and machinery, etc., ordinary commercial

channels of distribution are used. It would be unwise and impracticable to superimpose a new system of government distribution upon existing commercial distribution systems, merely to take care of a relatively small portion of items being supplied under lend-lease.

In cases of commercial distribution, the Division requires, not only that existing commercial channels of distribution provide the most efficient and economical method of transmitting the defense materials to the persons by whom they are to be used, but also that no profiteering will be permitted and that there will be no discrimination against United States firms. Moreover, in the special case of food, free distribution is to be made through Government agencies wherever this is practicable. This policy, which has been consistently followed, was officially recognized in the September 10 memorandum of agreement.

#### CHAPTER V

#### SCOPE OF LEND-LEASE AID RENDERED

A mere recital of figures indicative of the over-all progress of the Defense Aid Program obscures the variety of assistance which has been rendered to nations whose war effort is contributing directly to the security of the United States. Only by translating these figures into food, and ships, and vital raw materials, and an infinite variety of necessary services, as well as into airplanes, and guns, and tanks, and shells, can there come a full realization of the impact of this program on the present world struggle against oppression.

#### 1. BRITISH FOOD PROGRAM

In the case of the United Kingdom, for instance, hundreds of thousands of tons of food have gone safely across the North Atlantic to maintain the health and stamina of British workingmen and British soldiers. The army of today, more than ever before, depends upon the workingmen behind the lines who produce the instruments of modern war. The American farmers have contributed much to the maintenance and expansion of Britain's war effort and through this to the defense of the United States.

The food program reflects interesting changes in the United Kingdom's sources of supply of agricultural products since the war began. In the pre-war period, the United States supplied to the United Kingdom primarily such items as tobacco, cotton, and fresh fruits. Now, however, with the Northern European sources of food cut off, the United States is being called upon for more of the essential food-stuffs such as fats and protein foods. Because of the shipping situation, including the shortage of refrigerated space, emphasis is on concentrates, and thus dried or canned fruits are shipped rather than the fresh products.

Some of the more important items delivered through August 31, were:

	Amount aetwerea
Cheese	44,538,120 pounds.
Dried eggs	2,877,317 pounds.
Frozen eggs	23,124,750 pounds.
Dry skim milk	12,590,617 pounds.
Evaporated milk	
Canned meat	
Cured pork	89,741,480 pounds.
Dried beans	
	· · · · · <del>-</del>

One of the chief problems in this field has been the difficulty in supplying to the United Kingdom large quantities of commodities not ordinarily produced in excess of our own domestic requirements. In a number of cases the United States has in the past depended upon substantial imports of such commodities for its own use. The Department of Agriculture has proceeded on the assumption that this problem must be solved through increased production and has, therefore, embarked on an energetic campaign to this end.

#### 2. SHIPPING ACTIVITIES

Food and other products, however, cannot reach the United Kingdom or her fighting forces in other parts of the world unless transportation is provided. Ships are being made available to Great Britain and China from the American merchant marine, operated in some cases by American companies and American seamen where the Neutrality Act allows. Vessels of Great Britain, Greece, Norway, Belgium, and Yugoslavia, have been repaired, fueled, provisioned, and fitted out with mine protection and defense equipment to enable them to transport defense articles.

On April 14, the President, under the Lend-Lease Act, authorized the Maritime Commission to expend \$500,000,000 for the construction of new ships and \$50,000,000 for shipbuilding facilities. The Commission promptly thereafter entered into contracts to build 212 vessels, including 112 of the Liberty type, 72 tankers, and 28 fast cargo vessels of different sizes and speeds, adapted to the needs of American foreign commerce and designed by the Maritime Commission under its long-range construction program. Since the original allocation, the 72 tankers contracted for under lend-lease have been increased to 87. In addition to the larger cargo vessels and tankers, the Commission is also currently negotiating lend-lease contracts for 36 small coastwise vessels, 16 small tankers, and 26 harbor tugs.

It is estimated that the entire lend-lease ship construction program will be completed by the end of December 1943, with the heaviest deliveries occurring in the second, third, and fourth quarters of 1942, and the first quarter of 1943, during which time lend-lease vessel deliveries will average one a day. The lend-lease program, of course, is separate from the Maritime Commission's other emergency programs under which there are being constructed 1,090 cargo vessels and tankers.<sup>1</sup>

Through charter and freighting arrangements, there had also been made available out of the American merchant marine a large number of cargo vessels and tankers for the transportation of defense articles under lend-lease up to September 1, 1941.

¹ The First Supplemental Appropriation Act for the fiscal year 1942 empowers the Maritime Commission to acquire and construct merchant vessels through appropriations and contract authorizations in a total amount of \$1,698,650,000. This appropriation act also empowers the President, when he deems it in the interest of the defense of the United States, to lease under the provisions of the Lend-Lease Act any of the ships acquired or constructed under such authorization or appropriation.

#### 3. VARIETY OF AID MADE AVAILABLE

These vessels have carried many cargoes, since the achievement of a maximum war effort requires far more in the way of supplies than merely arms and ammunition. The supplying of essential machine tools or critical raw materials to British users may well result in 10 or 100 times their value in terms of arms and ammunition eventually finding its way to Britain's battle fronts. To this end, critical examination has been and is being made of the war effort of the entire British Empire, so that the most efficient use possible may be made of United States resources in promoting its defense through maintaining the productive capacity of others.

In the strictly military field, the United States has benefited through the military secrets which have been freely disclosed to this Nation. From such information have been evolved jointly designed weapons, combining the best thought of the armed forces of this country and of Great Britain, and incorporating the result of actual combat experience which otherwise it would be impossible to secure.

Through the Lend-Lease Act we have also helped to break down the barriers of time and space which obstruct the prompt delivery of the products of our factories to the battle front. The Air Corps Ferrying Command, financed with lend-lease funds, has undertaken the task of flying the bombers and pursuit planes which our factories are producing under British and lend-lease contracts to points in the east where the bombers are taken over by the British for flight to England, and the smaller craft are broken down for shipment.

The work of lend-lease funds in delivering the implements of war is not confined to this continent. Planes are soon to be ferried to the Middle East and an air transport service is to be established to return the ferry personnel and carry the spare parts and materials necessary for the effective delivery of these aircraft.

As more and more airplanes are made available to the Royal Air Force by increased production here and in the British Empire, the need for pilots mounts steadily. Arrangements have been made to train thousands of young British pilots here in the United States, so that when they return to England they can take their places in the front lines and be fully equipped to fly modern American planes. This training has already begun. It will be carried on in Army, Navy, and private air schools, and the aircraft, fuel, and equipment are being provided through lend-lease.

#### 4. CHINA

In the case of China, as with Britain, a major task has been to improve, extend, and make secure the long communication lines over which defense articles must be delivered. Cargo vessels have been supplied by the United States Maritime Commission to carry needed

goods over the long voyage to Rangoon, Burma, the principal remaining port of entry into Free China.

Overland transport into Free China requires the use of highways, railroads, waterways, and airlines. Fundamental steps have been taken to strengthen these vital routes. Paving materials have been delivered and applied to the resurfacing of China's life-line, the Burma Road, and a growing fleet of lend-lease trucks is in operation on Chinese arteries of military and essential civilian supply. Regular shipments of gasoline, motor oils, spare parts, and tires are being provided to service these trucks and other vehicles.

China's virtually limitless manpower, which built the Burma Road unaided, is now harnessed to lend-lease equipment and materials, in the tremendous job of rushing a railroad through malarial Yunnan Province. Under the direction of the United States Public Health Service, a mission is being sent to protect the lives and health of workers on this vital project.

The protection of China's highways and railroads, her airfields and cities from wanton aerial attack requires fleets of modern fighter planes. Lend-lease contracts have been concluded during the past quarter to reinforce the Chinese Air Force by early shipments of this class of equipment.

To advise and consult with Chinese authorities concerning the use of the defense articles already provided them under lend-lease procedure, as well as those scheduled for future delivery, there has been organized a military mission, which is even now proceeding to Free China. It is expected that the observations of this mission, and conferences with the leaders of the armed forces of China, will determine the types of defense equipment best adapted to the actual conditions of warfare in that country, and will insure the effective use of the equipment provided.

#### 5. GOVERNMENTS IN EXILE

In providing for our defense, full consideration has also been given to the requirements of those European countries now occupied by the aggressor. These nations are represented politically by governments in exile; physically, by civilian workers, soldiers, and sailors operating throughout the world for a common cause.

Poland stands out as the first country overrun by the invader. Poles from the United States and Canada are joining together in a Canadian training camp, preparing to take their part in their country's fight. And from this country, guns, ammunition, and clothing are being supplied to the Polish Government for this venture under the terms of the act. Also, the Polish merchant marine has received the equipment necessary to carry on under the dangerous conditions imposed by modern warfare at sea.

Greek troops, after the brave defense of their country, managed to escape in some numbers to British territory in the Middle East. Here they are re-forming their units, re-equipping themselves with the United States material now reaching that area in increasing quantity and preparing to meet the enemy anew.

Yugoslavia is also represented by a Middle East Legion, toughened by experience and ready to use the military and naval equipment as made available to it under the Lend-Lease Act.

Norway is represented principally by her merchant sailors. American degaussing cable today protects Norwegian ships against mines, United States-supplied guns have been installed on decks against aircraft and submarine attack, and in shipyards from the Caribbean to Maine, Norwegian ships are today being repaired after suffering bomb and shell damage in the vital job of transporting the goods.

#### 6. BELGIUM

Only in the case of Belgium and the Netherlands, among the occupied nations, does there still exist free national soil which these governments can defend. The Belgian Congo has obtained from this country scout cars, machine guns, aircraft, and hospital equipment, among other items, for the use, not only of its troops regularly stationed there, but of free Belgians who are re-forming their lines in that free territory.

#### 7. THE NETHERLANDS

The Netherlands is showing that in her colonies in the East and West Indies, and in Surinam, there is being maintained the spirit of stolid resistance which the world has come to expect of this people. The Netherlands East Indies are a strong force for peace in the Pacific. Furthermore, the world looks to this Empire for a large part of its supplies of rubber; of bauxite, from which comes the aluminum for our airplanes; of tin; and of quinine. To enable these territories to protect themselves, we have made available to The Netherlands Government the use of our strained productive facilities. For such products as The Netherlands have obtained they have paid in cash. There have been shipped to the Indies from the United States arms and ammunition of all kinds; bomber, fighter, and trainer aircraft; naval boats and tanks; as well as a wide assortment of commercial goods urgently needed for the minimum existence level of this island territory cut off from its home source of supplies.

#### 8. THE AMERICAN REPUBLICS

In furtherance of the strategic requirements for adequate defense of this Nation through complete defense of the Western Hemisphere, steps are being taken to provide the other American Republics with the equipment and materials vitally needed as insurance against aggression. This decision follows an extensive analysis of the various essential requirements of each individual country, as well as of its relative position in the total defense of the Western Hemisphere.

Naturally, the bulk of current production must go to those nations which are now actively resisting aggression and to the building up of the defenses of the United States. Yet, it has been found necessary to develop a broad program of aid to the American Republics which will assure to them the material required for the development of a dynamic defense.

Through the cooperation of the Departments of State, War, and Navy, these programs are rapidly being reduced to lend-lease requisitions, and these requisitions will be implemented by the necessary allocations of funds and placement of orders as rapidly as possible.

In this connection it should be noted that two of the American Republics, Brazil and the Dominican Republic, have already utilized lend-lease facilities and paid over a million and a quarter dollars to secure military supplies on a cash reimbursement basis.

#### 9. FOREIGN REPRESENTATION

The Division of Defense Aid Reports maintains constant relations with the representatives of those countries whose defense the President has found to be essential to that of the United States. Programs of those nations for the continuous expansion of their war effort are constantly before us for integration with the United States program as a whole, and the lend-lease program in particular.

To carry out a program as large and as broad in scope as the lend-lease program would be impossible without the benefit of "on the spot" reports from competent United States representatives. In the administration of the lend-lease program, liberal use has been made of the diplomatic, military, and naval missions abroad. In addition, there have been established in the United States Embassy at London, and at the United States Legation at Cairo, Egypt, full-time representatives serving the lend-lease program. These sources of information will shortly be augmented by the military mission which is now en route to China.

# APPENDICES (27)

#### APPENDIX T

# MEMORANDUM ON DISTRIBUTION OF LEND-LEASE MATERIALS ABROAD

Foreign Office, S. W. 1, 10th September, 1941.

My Dear Ambassador: With reference to the conversations about lend-lease material which have recently taken place in London and in which you have participated, I enclose a memorandum on the policy of His Majesty's Government in the United Kingdom with regard to exports from this country and with regard to the distribution here of lend-lease material. I shall be glad if you will transmit it to your Government.

Yours sincerely,

ANTHONY EDEN.

His Excellency The Honourable John G. Winant.

London, September 10, 1941.

DEAR MR. EDEN: Thank you for your letter of September 10th, enclosing a memorandum on United Kingdom export policy and on the distribution of lend-lease material. I have caused the memorandum to be transmitted immediately to Washington for the information of my Government.

Sincerely yours,

JOHN G. WINANT.

The Right Honorable Anthony Eden, M. C. M. P., etc., etc., etc., Foreign Office, S. W. 1.

#### **MEMORANDUM**

1. All materials which we obtain under the Lend-Lease Act are required for the prosecution of the war effort. This principle governs all questions of the distribution and use of such goods and His Majesty's Government have taken and will continue to take action to secure that these goods are not in any case diverted to the furtherance of private interests.

#### **Export Policy**

- 2. Lend-lease materials sent to this country have not been used for export and every effort will be made in the future to ensure that they are not used for export, subject to the principle that where complete physical segregation of lend-lease materials is impracticable domestic consumption of the material in question shall be at least equal to the amounts received under lend-lease.
- 3. His Majesty's Government have not applied and will not apply any materials similar to those supplied under lend-lease in such a way as to enable their exporters to enter new markets or to extend their export trade at the expense of United States exporters. Owing to the need to devote all available capacity and man-power to war production, the United Kingdom export trade is restricted to the irreducible minimum necessary to supply or obtain materials essential to the war effort.
- 4. For some time past, exports from the United Kingdom have been more and more confined to those essential (I) for the supply of vital requirements of overseas countries, particularly in the sterling empire; (II) for the acquisition of foreign exchange, particularly in the Western Hemisphere. His Majesty's Government have adopted the policy summarized below:

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- (I) No materials of a type the use of which is being restricted in the United States on the grounds of short supply and of which we obtain supplies from the United States either by payment or on Lend-Lease terms will be used in exports with the exception of the following special cases:
- (a) Material which is needed overseas in connection with supplies essential to the war effort for ourselves and our Allies, and which cannot be obtained from the United States.
- (b) Small quantities of such materials needed as minor though essential components of exports which otherwise are composed of materials not in short supply in the United States.
- (c) Repair parts for British machinery and plant now in use, and machinery and plant needed, to complete installations now under construction, so long as they have already been contracted for.

Steps have been taken to prevent the export (except to Empire and Allied territories) of such goods which do not come within the exceptions referred to in (a), (b), and (c) above.

(II) Materials similar to those being provided under lend-lease which are not in short supply in the United States will not be used for export in quantities greater than those which we ourselves produce or buy from any source.

#### Distribution in the United Kingdom of Lend-Lease Goods

- 5. The general principle followed in this matter is that the remuneration received by the distributors, whatever the method of distribution, is controlled and will be no more than a fair return for the services rendered in the work of distribution. The arrangements rigorously exclude any opportunity for a speculative profit by private interests from dealing in lend-leased goods. In most cases, lend-leased supplies will be distributed through organizations acting as agents of His Majesty's Government in the strict sense of the term and not as principals. Where for strong practical reasons this cannot be done a full explanation will be supplied to the United States administration and their concurrence sought beforehand in any alternative arrangements proposed. The justification for retaining existing channels of distribution operating under strict Government control, is that the creation of elaborate new organizations in their place would inevitably result in loss of efficiency and the wasteful use of manpower, and retard the war effort. In the distribution of lend-lease goods there will be no discrimination against United States firms.
- 6. Food is a special case. Only some 5 or 6 percent in tonnage of the total British food supply is coming from the United States and without great practical complications it would be impossible to have a separate system for the distribution of lend-leased food. Food distribution is carried out in the United Kingdom by wholesalers, to whom the Government sells food as principals. In fact, the Ministry of Food has established a close control over all distributive margins so that neither the wholesalers nor the retailers receive any greater remuneration than is adequate to cover the cost of the services performed. No food obtained on lend-lease terms is or will be sold at uncontrolled prices. Thus the general arrangements as regards the issue of lend-leased food fit into His Majesty's Government's policy of stabilizing the whole price level of foodstuffs, a policy to which the Government contributes £100 millions a year.
- 7. In some cases direct free distribution is practicable and will be adopted. For example, some milk products (including lend-leased supplies from the United States) are distributed direct and free of charge to children and others in need through schools, clinics and hospitals. The distribution is undertaken by State agencies and the cost of the distribution is borne by the Government.

September 10, 1941.

#### APPENDIX II

#### METHODS EVOLVED TO EXPEDITE DEFENSE AID

Included in the first report to the Congress by the Division of Defense Aid Reports was a comprehensive description of the procedure being followed in carrying out the Lend-Lease Act, together with samples of the principal forms being used. Since the first report, there has been careful consideration of additional methods which would expedite the supplying of aid to countries resisting aggression. Among recent developments in procedure are the following:

#### Revolving Funds

Modern war moves with increasing rapidity and the theaters of war change overnight. With these changes come urgent requirements for new types of material and new weapons.

To meet these critical requirements, whether it be a machine tool to replace one destroyed by enemy action, or special equipment for desert operations, there have been established by the direction of the President revolving funds for the War, Navy, and Treasury Departments with which to finance immediately such urgent requests as are recommended for approval by the cognizant departments and endorsed by the Executive Officer of the Division of Defense Aid Reports.

By this authorization it is possible to initiate procurement with lend-lease funds within 24 hours after an urgent request is received from a country desiring lend-lease aid.

#### Blanket Allocations

Included in the lend-lease program are approved projects for supplying vast quantities of the same general type of defense articles. These include programs for basic raw materials such as steel which maintain the tempo of production abroad; for ship repairs which keep in service merchant and combat vessels; and for aircraft accessories which maintain the fighting efficiency of the combat air forces. These requirements cannot be particularized in advance even though the program as a whole can be closely estimated.

To provide funds for immediate action, as such requirements are made known by cable and overseas telephone, a series of blanket allocations has been made to various departments, carefully restricted as to total amount and purpose, but so established that the recipient of lend-lease aid can draw down these supplies or services as needed by direct application to the cognizant department.

#### Accelerated Transfer Directive Procedure

In accordance with the act of March 11, 1941, defense articles remain in the custody of the United States Government during the period of production and may not be transferred to a foreign government without the specific authorization of the President. Careful controls have been established so that such directives are issued only for limited periods and they are therefore subject to regular review by the President.

However, the exigencies of war and the availability of shipping space often make it imperative that transfer authorization be issued more quickly than would

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be possible if the requests were processed completely. To meet this requirement the President has delegated to the Executive Officer of the Division of Defense Aid Reports authority in urgent cases to authorize the transfer of all but a limited list of especially critical items.

This power has, of course, been used sparingly, but its existence has been invaluable in the few times that it has been necessary to invoke it.

#### Simplified Adjustment Technique

In the operation of a program as large and as broad in scope as the lend-lease program, productive efficiency and the rate of delivery can often be improved by minor adjustments upward or downward in the quantity of specific items being procured. To process such adjustments through the same procedure as the original authorization would work a tremendous hardship on the cognizant departments and discourage their efforts in the direction of accelerating the program as a whole.

To encourage the use of such adjustments by simplifying the manner in which they can be made, the President has authorized the Executive Officer of the Division of Defense Aid Reports to approve such adjustments.

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# THIRD REPORT TO CONGRESS ON LEND-LEASE OPERATIONS

Under Act of March 11, 1941

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# CONTENTS

Chapter	Page
President's Letter of Transmittal	5
1. Lend-Lease Progress	7
2. Lend-Lease Countries	16
3. The Fight on Land and in the Air	18
4. The Fight on the Sea	21
5. The Food Front	24
6. How the Lend-Lease Program Works	27
7. Lend-Lease Agreements	32
Appendix	
I. Lend-Lease Act	<b>3</b> 8
II. First Lend-Lease Appropriation Act	41
III. Second Lend-Lease Appropriation Act	42
IV. Executive Order Establishing Office of Lend-Lease Administration	44
V. British White Paper of September 10, 1941	45
VI. Outline Map of the World	48

# PRESIDENT'S LETTER OF TRANSMITTAL

THE PRESIDENT OF THE SENATE,
THE SPEAKER OF THE HOUSE OF REPRESENTATIVES:

I am transmitting herewith to the Congress the third report of the aid which our Government has rendered under the Lend-Lease Act to the nations opposing the Axis.

We are now engaged in a total war against a group of Axis powers led by Nazi Germany and bent on world domination. Their strategy is world-wide. Ours also must be world-wide.

Underlying the Lend-Lease Act was the conception that those who were fighting the aggression of the Axis powers were fighting our potential enemies. The Axis powers now have openly declared themselves to be our enemies. We must not only help others to defeat them. We must fight them, with all the forces we have and can get.

The world-wide strategy of the Axis powers must be met with equal strategy on the part of all the nations who are joined together in resisting their aggression. Accordingly we must use the weapons from the arsenal of the democracies where they can be employed most effectively. And that means we must let Britain, Russia, China, and other nations, including those of this Hemisphere, use the weapons from that arsenal so that they can put them to most effective use. Too much is at stake in this greatest of all wars for us to neglect peoples who are or may be attacked by our common enemies.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, December 12, 1941.

# Chapter 1

# LEND-LEASE PROGRESS

The Lend-Lease Administration is responsible for coordinating and expediting the procurement and delivery of Lend-Lease goods and services and operates with the assistance of the War and Navy Departments, the Maritime Commission, the Treasury Department, and the Department of Agriculture. These and other Government departments and agencies such as the State Department and the Economic Defense Board work together in the administration of the Lend-Lease program. In the past ninety days steps have been taken which have greatly accelerated the rendering of Lend-Lease aid.

This report, to the extent that the defense policy will permit, discloses the facts concerning Lend-Lease operations to November 30, 1941.

# What Congress Has Appropriated.

To enable the President to carry out the provisions of the Lend-Lease Act, Congress has passed two appropriation acts calling for \$7,000,000,000 and \$5,985,000,000, respectively. How the money is to be spent is indicated in Table No. 1 on the following page.

# Allocations and Obligations.

Allocation of the 7 billion dollars appropriated under the first appropriation act was completed on November 13, 1941. Allocation of the second appropriation is proceeding at an accelerated rate; over 2 billion dollars, or more than one-third of the amount appropriated, has already been allocated.

Chart No. 1 shows the progress to date in allocating funds provided by the Lend-Lease appropriation acts.

## LEND-LEASE APPROPRIATIONS

First Appropriation Act—March 27, 1941 Second Appropriation Act—October 28, 1941

#### Millions of Dollars

	First Ap	propriat	Act Second Appro-			
Category	As Appro- priated	Adjust- ment (+or-)	As Ad- justed	pria- tion Act	First and Second Acts	
Ordnance and ordnance stores	1,343	+117	1,460	1,190	2,650	
Aircraft and aeronautical mat'l	2,054	-29	2,025	685	2,710	
Tanks and other vehicles	362	+100	462	385	847	
Ships	629	+149	778	850	1,628	
Misc. military equipment	260	+16	276	155	431	
Production facilities in U. S	752	-150	602	375	977	
Agric. and indust. commodities	1,350	-182	1,168	1,875	3,043	
Servicing, repair of ships, etc	200	-34	166	175	341	
Services and expenses	40	. <b></b>	40	285	325	
Administrative expenses	10		10	10	20	
Total	7,000	-13	6,987	5,985	12,972	

#### Table No. 1

\*The adjustments in connection with the first appropriation act were made in accordance with the provision of the act that permitted the transfer of not to exceed 20 percent of the amount appropriated in one category to the amount appropriated in another, so long as no appropriation was increased by more than 30 percent. The \$13,000,000 net adjustment represents the sum used to reimburse the Treasury Department for Coast Guard vessels transferred to the United Kingdom, leaving \$6,987,000,000 available for allocation to the procurement agencies.

After requests for aid from the various Lend-Lease countries have been carefully reviewed by the Lend-Lease Administration and the other Government agencies concerned, the necessary funds are allocated to the proper procurement agencies. As soon as funds are allocated, the procurement agencies proceed with the letting of contracts to suppliers for the designated goods and services. (See Chapter 6—How the Lend-Lease Program Works.)

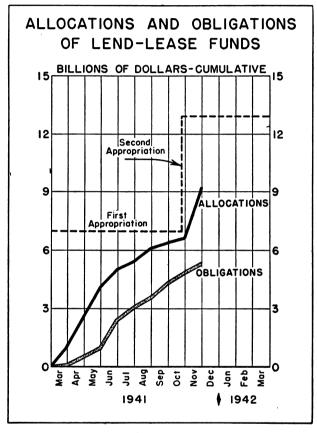


Chart No. 1

Contracts have been let for nearly two-thirds of the amount of funds allocated, and the remainder is being obligated as rapidly as possible.

Progress in the allocation and obligation of funds provided by Lend-Lease appropriations is shown in Table No. 2. The table presents the information by procurement agencies and by appropriation categories.

# ALLOCATIONS AND OBLIGATIONS Under Lend-Lease Appropriation Acts

# To November 30, 1941

# Millions of Dollars

BY PROCURING AC	SENCY		
Procuring Agency	Allocations	Obligations	
War Department	5,099	2,979	
Navy Department	2,032	819	
Maritime Commission	788	732	
Treasury Department	436	260	
Department of Agriculture	831		
Total	9,186	5,243	
BY APPROPRIATION CA	ATEGORY		
Category	Allocations	Obligations	
Ordnance and ordnance stores	2,215	947	
Aircraft and aeronautical material	2,040	1,727	
Tanks and other vehicles	628	316	
Ships	1,303	713	
Miscellaneous military equipment	311	70	
Production facilities	757	427	
Agricultural and indust. commodities	1,665	930	
Servicing, repair of ships, etc	167	109	
Services and expenses	95	3	
Administrative expenses	. 5	1	
Total	9,186	5,243	

Table No. 2

### Total Lend-Lease Aid.

Lend-Lease aid cannot be adequately reflected by figures alone. It includes the repair of hundreds of ships and the 2,000,000 tons of American shipping that have been made available to carry defense goods. It includes the shipways that will produce Lend-Lease ships and the training of airplane pilots for Lend-Lease countries. It includes the goods which have been completed and the facilities that are being expanded to produce more goods. It includes the raw materials and machine tools that have made it possible for the Lend-Lease countries to step up their production of war material. It includes the hundreds of things that are being done which are described in subsequent chapters.

# QUANTITIES OF NONMILITARY GOODS TRANSFERRED To November 30, 1941

Commodity	Quantity		
Meat and fish products	535,742,451	pounds	
Milk products	343,301,116	pounds	
Egg products	87,438,813	pounds	
Fruits and vegetables	548,091,424	pounds	
Grain and cereal products	719,834,984	pounds	
Sugar and related products	6,058,740	pounds	
Cotton linters	13,094,955	pounds	
Raw cotton	439,619	bales	
Leaf tobacco	120,822	hogshead <b>s</b>	
Petroleum products	30,546,999	barrels	
Fertilizer	447,162	tons	
Iron and steel	1, <b>3</b> 61,492		
Nonferrous metals	63,012		

Table No. 3

Indicative of the magnitude of aid rendered thus far is the physical volume of nonmilitary articles transferred. Transfers of some of the more important nonmilitary items are shown in Table No. 3.

In terms of dollars, total Lend-Lease aid to November 30, 1941, amounted to more than 1.2 billion dollars, or approximately 15 percent of our total defense expenditures since the Lend-Lease Act was enacted. This figure is comprised of two things—the value of articles transferred from other than Lend-Lease appropriations,\* and expenditures under the two Lend-Lease appropriation acts. As of November 30th, the value of goods transferred from other than Lend-Lease appro-

## TOTAL LEND-LEASE AID

#### Millions of Dollars

Type of Aid	Cumulative to Nov. 30, 1941	Month of November 1941	
Defense articles transferred	723	168	
Articles awaiting transfer or use	140	40	
Articles in process of manufacture	92	9	
Servicing and repair of ships	79	23	
Rental and charter of ships, etc	92	32	
Production facilities in U. S	75	. 11	
Miscellaneous expenses	1 1		
Total	1,202	283	

Table No. 4

priations was 138 million dollars and the total of expenditures for goods, services and production facilities, under the first and second Lend-Lease appropriation acts was 1.1 billion dollars, bringing the total of Lend-Lease aid to more than 1.2 billion dollars.

<sup>\*</sup>Section 3 of the Lend-Lease Act provides that a maximum of \$1,300,000,000 of goods procured from appropriations made prior to March 11, the date of the Lend-Lease Act, may be transferred to Lend-Lease countries.

Table No. 4 summarizes total Lend-Lease aid by principal types. "Defense Articles Transferred" represents the value of goods which have actually been transferred to the different Lend-Lease countries. "Articles Awaiting Transfer or Use" are finished articles ready to be transferred to a Lend-Lease country or to be used in the manufacture of other articles for such countries; in this category would be a finished airplane ready to be flown to the point of transfer. "Articles in Process" represents expenditures for items such as ships, upon which payment is made by the Government as the work progresses; this category does not include the great majority of Lend-Lease articles in process of manufacture which are not paid for until the finished goods are delivered. "Servicing and Repair of Ships" includes the cost of repairing, servicing and reconditioning the

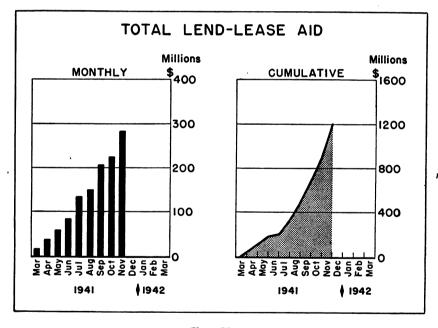


Chart No. 2

ships of Lend-Lease countries in United States ports. "Rental and Charter of Ships, etc.," represents the cost of transporting Lend-Lease cargoes to foreign countries. "Production Facilities in United States" represents production facilities being built in this country for the manufacture of Lend-Lease goods.

"Miscellaneous Expenses" includes the cost of administration and other items not otherwise classifiable.

# Acceleration in Lend-Lease Aid.

Chart No. 2 shows how Lend-Lease aid has grown. Aid each month has exceeded that of the preceding month and reached a high of 283 million dollars in November. The actual monthly amounts of aid are shown in Table No. 5

## LEND-LEASE AID EACH MONTH

#### Millions of Dollars

Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
18	40	60	85	134	150	207	225	283

Table No. 5

# Exports.

The value of exports of Lend-Lease items to November 30, 1941, was 595 million dollars. The difference between this figure and the total value of articles transferred is principally due to three facts: First, the amount of transfers under the ships category is not included in the exports figure; second, certain goods are transferred to Lend-Lease countries for use in the United States, such as equipment and supplies for airplane pilot training programs; and, third, it is necessary to maintain some inventory of stocks of finished articles at the various warehouses at the points of export, so that there always will be plenty of material ready to be loaded as shipping space becomes available.

Lend-Lease aid alone is only a part of our total aid to those fighting the aggressors. Thus, since the beginning of the war, our exports to the British alone have amounted to nearly 53/4 billion dollars, most of which was financed by the British with their own dollars.

Chart No. 3 shows exports to the British, by months, broken down by direct purchase exports and exports under

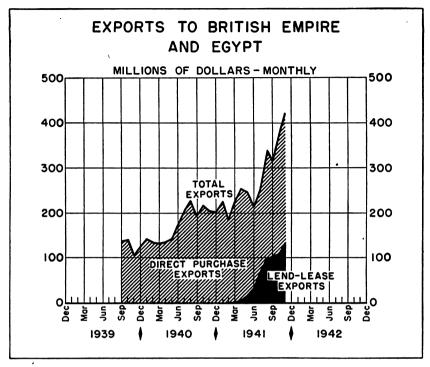


Chart No. 3

Lend-Lease. One of the purposes of the Lend-Lease Act was to take up the slack resulting from the completion of current British contracts. The black area in the chart may be expected to increase rapidly, whereas the shaded area will tend to decline. The important consideration is to keep total exports at steadily increasing levels.

#### Chapter 2

#### LEND-LEASE COUNTRIES

Descriptions of allocations and expenditures of funds cannot give an adequate impression of Lend-Lease activities. The Lend-Lease program must be viewed as it actually operates throughout the world. The defenses of 32 countries and the British Empire have been declared vital to the defense of the United States. Steps have been taken or programs are being formulated to strengthen the defenses of these countries.

#### LEND-LEASE COUNTRIES

Argentina	Egypt	Nicaragua
Bolivia	Egypt El Salvador	Norway
Brazil	Free Belgium	Panama
British Empire	Free France	Paraguay
Chile	Greece	Peru
China	Guatemala	Poland
Colombia	Haiti	Russia
Costa Rica	Honduras	Turkey
Cuba	Iceland	Uruguay
Dominican Republic	Mexico	Venezuela
Ecuador	The Netherlands	Yugoslavia

Some of these countries have not as yet received Lend-Lease aid.

The fight from the British Isles is supported by men and ships from Norway, Poland, Belgium, Greece, the Netherlands, Yugoslavia, and Free France. Linking the war zones of Russia and North Africa are the strategic defenses of Turkey. Greeks and Yugoslavs in Egypt and Greek ships in the Mediterranean are aiding the British forces in North Africa. Free French and Belgian troops stand ready in French Equatorial Africa and the Belgian Congo to check any attempted Axis drive southward in Africa. In the Far East stand the combined forces of China, the Netherlands East Indies, Australia, New Zealand, and India.

Lend-Lease countries, as shown by Chart No. 4, cover two-thirds of the earth's surface and contain nearly two-thirds of its population.

The task of Lend-Lease is to supply the millions of men who are resisting or stand ready to resist Axis aggression with the tools to make that resistance effective. The task is gigan-

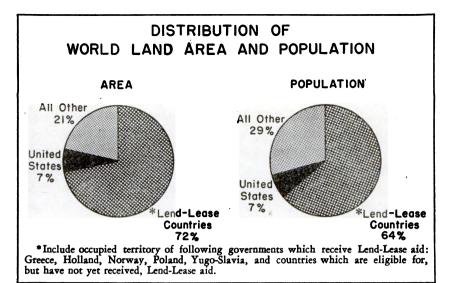


Chart No. 4

tic; only in America are there the raw material resources, the productive capacity and the manpower to complete the job. There must be guns and tanks and planes in quantities beyond any production we have yet accomplished or planned.

Although a vastly increased program of aid is required, Lend-Lease activities have already contributed substantial support to the fight in the air, on sea, and on land.

#### Chapter 3

#### THE FIGHT ON LAND AND IN THE AIR

#### British Empire.

The defense of the British Isles and the effectiveness of the forces in Lybia have been strengthened by materials of all kinds. Guns, ammunition, airplanes, tanks, fire-control instruments, scout cars, supply trucks, communications equipment, gasoline, oil, fire-fighting equipment, medical supplies and other military supplies shipped under Lend-Lease have aided Britain's home defenses. Tractors, earth-moving equipment, paving materials and the like have provided means for strengthening air bases and military supply lines.

Besides contributing finished military supplies, much has been done under Lend-Lease to increase British production of war materials. Iron and steel and other metals have been supplied to British tank and gun factories. Chemicals have been provided for the manufacture of explosives. Lumber, raw and semifinished materials, machine tools, and construction equipment have kept British war production at full operation.

In increasing measure, the productive enterprise of the British Isles is being coordinated with production here. A careful study of British machine tool requirements and operations has provided a basis for determining where our limited supply can be most effectively used. In all fields of production we are benefiting from a constant exchange of technical information arising from actual operations.

Similar support is being given to other parts of the British Empire where a coordinated scheme of war production is being carried out. In the main the Dominions are manufacturing their own war materials. Machine tools, raw materials, and construction material have been sent to Australia, New Zealand, India, and South Africa to increase their wartime production.

#### Russia.

Even before Lend-Lease shipments were sent to Russia in November, representatives of this Government had assisted in expediting Russian purchases here. Tanks, airplanes, guns, and ammunition have been provided and materials have been sent for the maintenance of Russia's lines of transportation and communication. Metals, materials for explosives, construction equipment, furnaces, machine tools, and other supplies have been furnished to Russian war industries. Large quantities of gasoline and other petroleum products are fueling Russia's war machine. Medical supplies and equipment are being provided. Under our agreement to provide one billion dollars worth of Lend-Lease aid by June 1942, additional assistance is being given.

#### China.

With Lend-Lease assistance and with the \$100,000,000 she has borrowed from the Export-Import Bank since 1934, China is adding to her defenses and strengthening her important supply line, the Burma Road. In large degree the main work of aiding China to date has centered around the transport problems of this lifeline. American equipment and personnel have done much to improve this line of supply and thousands of American trucks are now moving over it, supplied with Lend-Lease fuel and oil.

With the improvement of transport facilities well advanced, future Lend-Lease assistance will include more and more direct aid to the Chinese Army. The army has already been supplied with rifles, machine guns, field guns, airplanes, ammunition, telephone and radio equipment, combat vehicles, and signal and engineering equipment.

#### Other Nations.

Countries overrun by the aggressors still have large areas and large numbers of men free of subjugation. They are receiving Lend-Lease aid in the fight against the Axis. The Netherlands East Indies and Dutch Guiana are receiving military and naval equipment and machinery for war production. Poland has a troop-training center in Canada which is being outfitted under the Lend-Lease program. Belgian troops in the Belgian Congo, who are collaborating with the British in the Middle East, have been furnished combat vehicles and field guns. The Free French troops in French Equatorial Africa have been provided with tanks and are to receive numer-

ous trucks needed to meet their supply problems. Turkey, which is today outside the conflict, is having her defenses strengthened under Lend-Lease. A substantial program of aid to countries of the Western Hemisphere is under way.

#### Chapter 4

#### THE FIGHT ON THE SEA

The production of arms is not enough; the arms must be delivered to the fighting men at the front. The quantities of materials to be transported are enormous and they must be carried to fighting forces all over the world. Supplies must be delivered over many thousands of miles of water—to Britain, to Suez, to Burma, to the Arctic Ocean, to Siberia, to the Persian Gulf. No supply problem of this magnitude has ever been encountered before.

Hundreds of ships carrying airplanes and guns and food and machines and other cargoes are required for each supply route. Some indication of the work to be done and of the transportation problems involved is given by the quantities which can be included in a typical loading of a small cargo steamer: 24 pursuit planes; 12 medium tanks; 8 light tanks; 140 tons of ammunition; 200 trucks; 1,000 drums of petroleum products; 170 tons of barbed wire; 200 tons of explosives; 100 tons of chemicals; 500 tons of metals.

The service of supply means more than merely loading and dispatching vessels. It means the construction of a vast new fleet—"the bridge of ships"—to replace losses and to furnish the increased tonnage needed for carrying the mountains of material which will pile up when the production program attains its full stride. It means repairing and refitting damaged vessels, installing protective equipment and additional gear on many ships, and constructing new facilities in ports of debarkation.

#### Construction of Merchant Ships.

First in the battle for the seas is the battle of the shipyards. The greatest ship construction program in history is rapidly taking shape.

On the East and West Coasts, on the Gulf and on the Great Lakes, 26 shipyards in 18 States are at work building Lend-Lease ships. The total Lend-Lease construction program calls for an expenditure of \$530,750,000 to build 292 new merchant vessels including 213 large cargo vessels and tankers, 45 small freighters, 8 coastal tankers, and 26 harbortugs. Already about 70 keels have been laid and it is estimated that the

first Lend-Lease vessels will be delivered in the early part of 1942. New facilities are being added under Lend-Lease to speed this construction. Fifty-six new shipways costing some \$55,000,000 are being built at 14 shipyards, and increased plants for the production of marine engines are under construction.

Lend-Lease construction supplements our own emergency program for greatly enlarging the American Merchant Marine. Under this emergency program there are under contract 707 ships, in addition to the 292 being constructed with Lend-Lease funds. We are now launching two ships every week; by the middle of 1942 we will be launching two every day.

#### Shipping Aid.

Although ships being built under the Lend-Lease program have not yet been completed for delivery, we have given substantial aid from our merchant fleet to the fleets of the countries we are aiding. Under the control of the Maritime Commission, 2 million tons of United States owned shipping have been made available along with 36 interned Axis ships. Vital cargoes of war materials are being hauled to the Red Sea, to Burma, to Russia, to Iceland, and the British Isles. Despite all hazards involved, our ships continue their steady transport of war supplies.

The ever-increasing quantities of Lend-Lease materials being shipped to the fighting fronts are straining our shipping service to the utmost. The effectiveness of the entire Lend-Lease program may well depend upon the ability of American shipbuilders to expedite and expand their construction of ships.

#### Repair and Outfitting of War and Merchant Ships.

Under the Lend-Lease program war and merchant ships continuously put into American ports for repair of battle damage, overhauling, provisioning, or outfitting. Many British warships, including battleships, cruisers, destroyers, submarines, aircraft carriers, and other naval craft have been serviced in our shipyards. The Free French submarine Surcouf, the largest in the world, was overhauled as part of the same program. Some British warships are presently under repair. In order to expedite the return of

ships to sea, special types of equipment peculiar to British ships have been assembled at our navy yards.

Alterations and repairs have been made on hundreds of merchant ships. Included among these were British, Dutch, Norwegian, Greek, and Russian vessels, and also interned Axis ships. Damage caused by heavy weather, by fire, and by enemy action through aerial, submarine, and surface attack, has been repaired. General overhauling has included regunning and re-tubing of boilers and condensers and repairs to main and auxiliary machinery. High-speed marine engines, electric generators, sets of radio equipment, and gyrocompasses have been installed.

Lend-Lease is fueling, provisioning, and loading a constant stream of vessels, carrying supplies to the war fronts. Clothing and food for the men and fuel and ship stores of every description for the ships have been provided. Hundreds of vessels have been furnished these services.

### Chapter 5 THE FOOD FRONT

Within recent weeks Lend-Lease foods marked "Produce of the U. S. A." are beginning to appear in sizable quantities on grocers' shelves and in the kitchens of Great Britain. Since the last report to the Congress, Lend-Lease food has moved steadily and in increasing quantities over the bridge of ships, bringing new strength to the bodies and new hope to the minds and spirits of the British people.

To appreciate Britain's urgent need of foodstuffs it is necessary to understand the serious plight of a nation which before September 1939, had imported 63 percent of her foodstuffs and which saw her sources of supply cut off one by one by enemy occupation or reduced by submarine warfare. Britain was faced a year ago with a quarter less animal protein foods than she had before the war. Had this continued, the health and the working and fighting efficiency of her people would have been undermined.

Since the beginning of Lend-Lease, we have shipped to the British food and farm produce totalling 2,796,000,000 pounds with a value of \$292,000,000. Of this total, 1,892,000,000 pounds with a value of \$181,000,000 have been supplied in the last three months. The steady increase of our aid is shown by the fact that the tonnage provided in the last three months is twice as great as that provided in the preceding six months.

The British are expanding their production of bulky foods, such as wheat and potatoes, and have greatly increased their truck gardening. Since 1939, acres under cultivation have increased from 12,000,000 to 16,000,000 and some further expansion is expected. To aid this source of production, tractors and other farm equipment have been supplied by Lend-Lease and deliveries of seed are planned.

So far as food is concerned the British are better off today than a year ago. But their food allowances remain at a low level. In a country highly geared for war production, having an average industrial working week of 56 hours, nutrition has a special relation to the war effort.

#### British Food Allowances.

British food allowances for important food items have been affected by arrival of Lend-Lease cargoes. The present British rationing system includes most of the important protein foods. The weekly allowance of bacon is 4 ounces, half of average pre-war consumption. Civilians can have 3 ounces of cheese a week while farm workers and miners are permitted 12 ounces. The weekly fat ration has recently been increased by 2 ounces to 10 ounces.

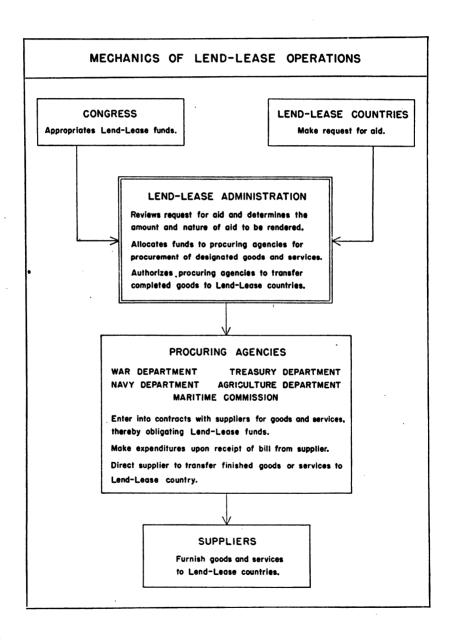
Increasing quantities of Lend-Lease food shipments make themselves felt in many ways. In certain instances, as in the case of bacon, the already low ration would have had to be reduced but for Lend-Lease assistance. Other shipments have permitted increases in the rations. Canned meats and canned fish, because of supplies we have furnished, are now appearing on the ration lists for the first time. In the month of December, the housewife will be able to buy with one person's monthly allowance a half pound of canned meat, a quarter pound of canned fish and a pound tin of pork and beans.

Lend-Lease is supplementing the shortage of fresh milk through shipments of canned evaporated milk and skim milk powder.

Outside the rationed articles, there are two types of foods: Foods such as bread and potatoes which are plentiful; and certain foods so scarce that even the smallest amounts cannot be guaranteed to everyone.

Eggs are being allocated so that a Britisher can get from 2 to 3 a month instead of the 14 eggs which represented average pre-war consumption. Shipping and packaging difficulties have prevented our giving any great addition to the low British supply of shell eggs, but sizable quantities of dried and frozen eggs are being supplied.

We have made no more important contribution on the food front than our shipments of concentrated vitamins, which, being small in bulk, have frequently been transported to Britain by bomber. Supplemented by supplies of concentrated fruit juices from the United States, these vitamin shipments are largely responsible for a new project of free distribution of vitamins to children under 2 years of age. Beginning in December, over 1,300,000 small children are receiving, through maternity and child-welfare clinics and local food officers, a regular supply of concentrated orange or black-currant juice, and of cod liver oil compound.



#### Chapter 6

#### HOW THE LEND-LEASE PROGRAM WORKS

The Lend-Lease Administration is responsible for coordinating and expediting the procurement and delivery of Lend-Lease goods and services. In carrying out the Lend-Lease program, however, the Lend-Lease Administration acts with the assistance of other Government agencies, which may be classified as follows:

- (1) The procurement agencies, consisting of the War Department, the Navy Department, the Department of Agriculture, the Procurement Division of the Treasury Department, and the Maritime Commission. These agencies procure the defense articles and services to be transferred to countries we are aiding.
- (2) The advisory agencies, consisting primarily of the State Department, the Economic Defense Board, and the Office of Production Management. These agencies regularly participate in the making of Lend-Lease decisions which impinge on their respective fields of responsibility.
- (3) The special service agencies which are called in from time to time for assistance on special problems peculiar to their fields. For example, the Public Health Service of the Federal Security Agency arranged for the sending of medicine and a medical mission to combat malaria on the Burma Road.

The Lend-Lease Administration does not buy anything. Its task is to coordinate and expedite the Lend-Lease program. The task of the procurement agencies is to obtain materials and services with funds allotted by the Lend-Lease Administration and to see that they get to the places where they will do the most good. In this way the program is administered with a minimum of duplicating effort, and with the fullest possible use of existing procurement facilities.

When the Lend-Lease program was first put into operation, all allocations of funds to the procurement agencies and all directives to these agencies to transfer Lend-Lease goods were signed by the President. Gradually, as policies were formulated and as the requests for assistance multiplied, it became advisable to delegate these functions. On October 28th,

therefore, the Office of Lend-Lease Administration was established by Executive Order, and there was delegated to Mr. Edward R. Stettinius, Jr., as the first Lend-Lease Administrator, the function of allocating the Lend-Lease appropriations to the various procurement agencies and of authorizing these agencies to transfer defense articles and services to the countries whose defense the President should find to be vital to the defense of the United States.\*

Under the Executive Order, the President retains the authority to determine what nations shall receive aid under the Lend-Lease Act, and he continues to determine all major policies for the guidance of the Lend-Lease Administrator. The State Department is authorized to negotiate the master agreements† setting forth the general terms and conditions under which countries receive Lend-Lease aid, with the advice of the Economic Defense Board and the Lend-Lease Administration. All matters affecting the economic defense of the United States are brought to the attention of the Economic Defense Board. Procurement of strategic and critical materials is subject to the review of the Office of Production Management. Provision is thus made for insuring that the Lend-Lease program will be in accord with latest developments in America's foreign policy, its economic defense, and its strategic production situation.

Within this frame work, the Lend-Lease Administrator has been delegated full authority to carry out the Lend-Lease program. This delegation has materially speeded up the operation of that program. It has obviated the necessity of forwarding to the White House hundreds of documents which previously had to be signed by the President.

A similar speeding-up of Lend-Lease procedure has recently been effected in the administrative handling of the requests for defense aid by the Lend-Lease Administration and the various procurement agencies. Substantial reduction has been made under the new procedure in the time which elapses between the filing of a request for Lend-Lease aid and the granting of authority to the procuring agency to place the order. This procedure has been designed so as to combine a maximum of care in examining requests for aid with a mini-

<sup>\*</sup> The Executive Order is set forth in Appendix IV.

<sup>†</sup> See Chapter 7.

mum of delay in getting the tools of war into the hands of the fighting forces.

Allocations of funds to the procurement agencies are now handled in two ways.

First, allocations are made on a program basis to cover items the need for which can be readily foreseen. Under the procedure recently adopted, these programs are submitted to the Lend-Lease Administration by the various agencies in collaboration with representatives of the Lend-Lease countries. If a program is approved by the Lend-Lease Administration, the funds required to put it into operation are allocated to the appropriate agency. The submission and review of programs in this manner have the great advantage of presenting the needs of the Lend-Lease countries in their proper perspective. An airplane program or a steel program for 6 months, for example, can be more quickly and more accurately evaluated, in terms of need, available funds and available supplies, than can piecemeal and recurring requests for small quantities of defense articles.

Second, blanket allocations are made to cover the cost of the many items which cannot readily be planned in advance on a program basis, such as emergency ship repairs. These items must be handled separately, from day to day, as critical needs arise. These blanket allocations are available to the procurement agencies for "spot" and other rush purchases and are replenished from time to time as they are depleted.

In either case, a requisition must be filed with the Lend-Lease Administration by the country seeking aid. This requisition must set forth the use to which the requested article or service is to be put and the reason why it is needed. No items are approved, whether on a program or an individual basis, unless the following conditions are met:

One. The Lend-Lease aid requested must be for a use essential to the war or defense effort of a country whose defense the President has found vital to the defense of the United States.

Two. Lend-Lease funds must be available to supply the requested Lend-Lease aid or it must be available for transfer from appropriations made prior to March 11, 1941.

Three. The requested Lend-Lease aid must come within the legal scope of the Lend-Lease Act.

Four. The defense aid requested must not be obtainable, as a practical matter, by payment therefor in American dollars or other currency available to the requisitioning country.

Five. The requested Lend-Lease aid must be of the most economical and efficient type suitable for the intended use.

If the requisition meets these conditions, it is approved by the Lend-Lease Administration and sent to the procurement agency to buy the goods or services. These agencies do not, as previously, have to come back to Lend-Lease for funds, since they have already been made available. If for any reason the agency does not feel that it should procure a particular article—for example, because it believes the article should be retained in this country for our own defense—the agency will notify the Lend-Lease Administration and the matter will be worked out in consultation between them. In almost all cases, however, as has already been pointed out, these matters will have been thoroughly checked and agreed upon in advance and the agency will be prepared immediately to proceed with procuring the defense articles or services.

The Office of Production Management plays a very considerable role with respect to the consideration of requests for strategic and critical materials. Accordingly, there is close collaboration between the Office of Production Management, the procuring agencies, and the Lend-Lease Administration, to insure that our own defense and civilian needs are properly coordinated with the Lend-Lease program.

Once a requisition is approved, the procurement agency designated buys the articles and services just as it would buy them for its own purposes. In almost all cases, the Lend-Lease Administration now authorizes the transfer of these articles at the time it approves the requisition. The department or agency charged with procuring the articles bears the responsibility of obtaining the goods and assuring that they are delivered. The grants of authority to the various procuring agencies to procure and to transfer articles manufactured or supplied with funds already allocated are thus combined in one operation.

The Lend-Lease Administration obtains reports from the procuring agencies showing when defense aid contracts are placed, the progress being made under them, the date on

which delivery of the finished articles will be made, and the time, method, and other details of their actual shipment. In this way it keeps in close touch with the procurement process and can carry out its function of coordinating and expediting Lend-Lease aid.

Once articles are transferred to a Lend-Lease country, they may not be retransferred, either to private individuals or to other countries, without the consent of the Lend-Lease Administration. This consent is granted only where it will further the total war effort so to permit such retransfers.

Even after the goods are sent, the Lend-Lease Administration is making every effort to keep in touch with their use. It is our determination to see that the material assistance being provided by the United States under the Lend-Lease Act will be made available in the shortest possible time and will be used in the most effective possible manner.

#### Chapter 7

#### LEND-LEASE AGREEMENTS

We have already negotiated Lend-Lease agreements with some of the nations we are aiding and other agreements are in process of negotiation. These agreements embody the general terms and conditions upon which Lend-Lease assistance is given.

The agreements also confirm certain preliminary obligations undertaken by each foreign government before any Lend-Lease aid is transferred to it. Those obligations include an undertaking not to permit the use of any Lend-Lease material or information by anyone not an officer, employee, or agent of the transferee government without our consent. They also include an undertaking to protect the rights of all citizens of the United States who have patent rights in and to any articles or information transferred under the Lend-Lease Act.

Lend-Lease agreements and Lend-Lease aid have, of course, created certain problems for our export trade. These problems are receiving continued study, with the view to protecting American interests in foreign trade so far as is compatible with the war effort. Policies relating to some of these problems were announced in the British White Paper of September 10, 1941 (Eden Memorandum) the text of which is included in Appendix V. Policies and procedures for meeting all of the repercussions of the Lend-Lease program on our foreign trade are being developed and will be fully discussed in the next Lend-Lease report.

#### Great Britain.

The agreement with Great Britain will rest on principles of common defense and mutual assistance which have been dominant in Anglo-American relationships since long before the enactment of the Lend-Lease Act. Over a year ago, Great Britain, in return for 50 over-age destroyers, gave the United States the right to establish defense outposts and naval bases on British island possessions in the North Atlantic. Since then, the Lend-Lease program has made it possible for the United States to fill out its ring of strategic North Atlantic bases. Under that program we have aided in the construction of new naval bases. We have also obtained from the British

defense information invaluable to our own armed forces. We have received new plans and new designs for guns and planes which are enabling us to improve the efficiency of our latest models.

The agreement now in process of negotiation with Great Britain will set forth the terms and conditions under which Lend-Lease aid is being rendered. Discussions regarding the British agreement have been going forward both here and in London. These discussions have covered a wide range of subjects. The two governments have exchanged statements of the basic principles which they believe to be applicable, and, as a result of further discussion of their views, substantial progress has been made toward a mutually satisfactory formulation. In view of the pending discussions, a more detailed report would not be advisable at this time.

#### Iceland.

Recently the defense of Iceland was declared to be vital to the defense of the United States. A Lend-Lease agreement was concluded, providing that Iceland could, through Lend-Lease, procure on a cash reimbursement basis its vital requirements within this country. Supplementary arrangements were made in order to furnish Iceland the necessary dollar exchange and to supply the British with foodstuffs available in Iceland. Under these arrangements the United States will purchase Iceland's fish and fish oil for dollars. The dollar exchange representing the purchase price will be credited to Iceland's dollar balance in the United States and will be used by Iceland to pay for its purchases here. The fish and fish oil purchased by the United States will be transferred to the British as defense aid. As a result of the Lend-Lease agreement and these arrangements, we shall fulfill our pledge to supply Iceland with its vital necessities and essential shipping space will be conserved by supplying Britain from a source near her shores.

#### Russia.

In exchange for the war supplies now being furnished her under the Lend-Lease Act, the Soviet Government has agreed to reimburse the United States in dollars or in materials over a 10-year period to begin 5 years after the war is over. The Soviet Union has also agreed to expedite sales of raw materials vital to our defense.

#### The Netherlands

We have recently concluded an agreement with the Dutch under which they are paying us in advance dollar for dollar for the Lend-Lease articles we are supplying them. They in turn sell to us from the Dutch East Indies large quantities of such vital products as rubber, tin, quinine, and petroleum. Most of our bauxite, the basic material from which aluminum is made, comes from Dutch Guiana, situated at the northern tip of South America, where our troops, at the invitation of the Dutch Government, have just established another important military base. In addition, the Netherlands government is working together with Great Britain and the United States to establish a collaborative system of export control.

#### The Western Hemisphere

At the Inter-American Conference which was held in Lima, Peru, in 1939, the 21 American republics, in their Declaration of the Principles of Solidarity of America expressed their common concern and determination to make effective their solidarity in the face of any threat to the peace, security, or territorial integrity of any one of the American republics. Since that conference, the governments of the American republics have collaborated to translate that declaration into effective action.

Collaboration is proceeding with a single immediate objective—to mobilize the resources of this hemisphere for the struggle against aggression. Under that policy, we are developing a broad program of Lend-Lease deliveries of military and naval supplies to the countries of the Western Hemisphere. In connection with that program we have concluded agreements with Bolivia, Brazil, Cuba, the Dominican Republic, Haiti, Nicaragua, and Paraguay, and are negotiating agreements with various other American republics. All of the agreements which have been concluded provide that the country receiving defense aid shall pay some proportion of the cost of the defense articles transferred. These proportions vary in accordance with the varying economic positions of the countries involved.

These Lend-Lease agreements are merely one strand in a larger pattern of hemispheric unity and hemispheric defense. Accordingly, the benefits from our hemispheric Lend-Lease program cannot be measured simply in terms of the commitments embodied in formal agreements. Many of the valuable defense measures adopted by the other American republics, even though not required by a Lend-Lease agreement, undoubtedly flow from our Lend-Lease program and the hemispheric unity which it promotes. These measures all add up to a broad and growing program of military and economic defense for this hemisphere.

A number of countries have given permission for our naval vessels to make use of their ports under appropriate conditions. The construction and expansion of important airports by Pan American Airways has been made possible only by the consent of several American republics.

Supplementing these measures, there has been significant cooperation on the part of the other American republics in a broad program of economic defense. This program assumes more and more importance as production, commerce, and finance become increasingly the tools of defense. In order to make materials available to us and to prevent their leakage to those with purposes hostile to the welfare of this hemisphere, these republics have instituted systems of export control. In addition, the other American republics have concluded or are negotiating with the Federal Loan Agency arrangements whereby \$500,000,000 of strategic materials will be imported into the United States annually. As a result, we are securing vital supplies of antimony, copper, lead, mercury, tungsten, zinc, and other important materials.

All of the American republics have recently adopted a plan for placing into service the Axis ships immobilized in this hemisphere. This action has added a substantial number of vessels to the active merchant marine of this hemisphere and will permit the release of other vessels for supplying other demands.

Many of these republics are also actively cooperating with our Proclaimed List program whose underlying purpose is to eliminate Axis influence in the social and economic life of this hemisphere. Through the Lend-Lease program we are establishing ties of friendship and cooperation with the other free nations of the world, nations which are willing to subordinate individual interests to the common interest of all.

#### **APPENDICES**

#### Appendix I

#### LEND-LEASE ACT

Further to promote the detense of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "An Act to Promote the Defense of the United States".

#### Section 2.

As used in this Act-

(a) The term "defense article" means-

(1) Any weapon, munition, aircraft, vessel, or boat;

(2) Any machinery, facility, tool, material, or supply necessary for the manufacture, production, processing, repair, servicing, or operation of any article described in this subsection;

(3) Any component material or part of or equipment for any article

described in this subsection;

(4) Any agricultural, industrial or other commodity or article for defense.

Such term "defense article" includes any article described in this subsection: Manufactured or procured pursuant to section 3, or to which the United States or any foreign government has or hereafter acquires title, possession, or control.

(b) The term "defense information" means any plan, specification, design, prototype, or information pertaining to any defense article.

#### Section 3.

(a) Notwithstanding the provisions of any other law, the President may, from time to time, when he deems it in the interest of national defense, authorize the Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government—

(1) To manufacture in arsenals, factories, and shipyards under their jurisdiction, or otherwise procure, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for the government of any country whose defense the President deems vital to the defense of the United States.

(2) To sell, transfer title to, exchange, lease, lend, or otherwise dispose of, to any such government any defense article, but no defense article not manufactured or procured under paragraph (1) shall in any way be disposed of under this paragraph, except after consultation with the Chief of Staff of the Army or the Chief of Naval Operations of the Navy, or both. The value of defense articles disposed of in any way under authority of this paragraph, and procured from funds heretofore appropriated, shall not exceed \$1,300,000,000. The value of such defense articles shall be determined by the head of the department or agency concerned or such other department, agency or officer as shall be designated in the manner provided in the rules and regulations issued hereunder. Defense articles procured from funds hereafter appropriated to any department or agency of the Government, other

than from funds authorized to be appropriated under this Act, shall not be disposed of in any way under authority of this paragraph except to the extent hereafter authorized by the Congress in the Acts appro-

priating such funds or otherwise.

(3) To test, inspect, prove, repair, outfit, recondition, or otherwise to place in good working order, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for any such government, or to procure any or all such services by private contract.

(4) To communicate to any such government any defense information, pertaining to any defense article furnished to such government

under paragraph (2) of this subsection.

(5) To release for export any defense article disposed of in any way

under this subsection to any such government.

- (b) The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory.
- (c) After June 30, 1943, or after the passage of a concurrent resolution by the two Houses before June 30, 1943, which declares that the powers conferred by or pursuant to subsection (a) are no longer necessary to promote the defense of the United States, neither the President nor the head of any department or agency shall exercise any of the powers conferred by or pursuant to subsection (a); except that until July 1, 1946, any of such powers may be exercised to the extent necessary to carry out a contract or agreement with such a foreign government made before July 1, 1943, or before the passage of such concurrent resolution, whichever is the earlier.

(d) Nothing in this Act shall be construed to authorize or to permit the authorization of convoying vessels by naval vessels of the United States.

(e) Nothing in this Act shall be construed to authorize or to permit the authorization of the entry of any American vessel into a combat area in violation of section 3 of the Neutrality Act of 1939.

#### Section 4.

All contracts or agreements made for the disposition of any defense article or defense information pursuant to section 3 shall contain a clause by which the foreign government undertakes that it will not, without the consent of the President, transfer title to or possession of such defense article or defense information by gift, sale, or otherwise, or permit its use by anyone not an officer, employee, or agent of such foreign government.

#### Section 5.

(a) The Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government involved shall, when any such defense article or defense information is exported, immediately inform the department or agency designated by the President to administer section 6 of the Act of July 2, 1940 (54 Stat. 714), of the quantities, character, value, terms of disposition, and destination of the article and information so exported.

(b) The President from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose. Reports provided for under this subsection shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

#### Section 6.

(a) There is hereby authorized to be appropriated from time to time, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to carry out the provisions and accomplish the purposes of this Act.

(b) All money and all property which is converted into money received under section 3 from any government shall, with the approval of the Director of the Budget, revert to the respective appropriation or appropriations out of which funds were expended with respect to the defense article or defense information for which such consideration is received, and shall be available for expenditure for the purpose for which such expended funds were appropriated by law, during the fiscal year in which such funds are received and the ensuing fiscal year; but in no event shall any funds so received be available for expenditure after June 30, 1946.

#### Section 7.

The Secretary of War, the Secretary of the Navy, and the head of the department or agency shall in all contracts or agreements for the disposition of any defense article or defense information fully protect the rights of all citizens of the United States who have patent rights in and to any such article or information which is hereby authorized to be disposed of and the payments collected for royalties on such patents shall be paid to the owners and holders of such patents.

#### Section 8.

The Secretaries of War and of the Navy are hereby authorized to purchase or otherwise acquire arms, ammunition, and implements of war produced within the jurisdiction of any country to which section 3 is applicable, whenever the President deems such purchase or acquisition to be necessary in the interests of the defense of the United States.

#### Section 9.

The President may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out any of the provisions of this Act; and he may exercise any power or authority conferred on him by this Act through such department, agency, or officer as he shall direct.

#### Section 10.

Nothing in this Act shall be construed to change existing law relating to the use of the land and naval forces of the United States, except insofar as such use relates to the manufacture, procurement, and repair of defense articles, the communication of information and other noncombatant purposes enumerated in this Act.

#### Section 11.

If any provision of this Act or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances shall not be affected thereby.

APPROVED, March 11, 1941.

#### Appendix II

#### FIRST LEND-LEASE APPROPRIATION ACT

Making supplemental appropriations for the national defense to provide aid to the government of any country whose defense the President deems vital to the defense of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That to enable the President, through such departments or agencies of the Government as he may designate, to carry out the provisions of An Act to Promote the Defense of the United States, approved March 11, 1941, and for each and every purpose incident to or necessary therefor, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the following sums for the following respective purposes, namely:

(a) For the procurement, by manufacture or otherwise, of defense articles for the government of any country whose defense the President deems vital to the defense of the United States, including services and expenses in con-

nection therewith, as follows:

(1) Ordnance and ordnance stores, supplies, spare parts, and materials, including armor and ammunition and components thereof, \$1,343,000,000.

(2) Aircraft and aeronautical material, including engines, spare parts, and accessories, \$2,054,000,000.

(3) Tanks, armored cars, automobiles, trucks, and other automotive vehicles, spare parts, and accessories, \$362,000,000.

(4) Vessels, ships, boats, and other watercraft, and equipage, supplies, materials, spare parts, and accessories, \$629,000,000.

(5) Miscellaneous military equipment, supplies, and materials, \$260,000,000.

- (6) Facilities and equipment, for the manufacture or production of defense articles, by construction or acquisition, including the acquisition of land, and the maintenance and operation of such facilities and equipment, \$752,000,000.
- (7) Agricultural, industrial, and other commodities and articles, \$1,350,000,000.
- (b) For testing, inspecting, proving, repairing, outfitting, reconditioning, or otherwise placing in good working order any defense articles for the government of any country whose defense the President deems vital to the defense of the United States, including services and expenses in connection therewith, \$200,000,000.
- (c) Not to exceed 20 per centum of any of the foregoing eight appropriations may be transferred by the President to any other such appropriation, but no appropriation shall be increased by more than 30 per centum.
- (d) For necessary services and expenses for carrying out the purposes of such Act not specified or included in the foregoing, \$40,000,000.

(e) For administrative expenses, \$10,000,000.

(f) In all, \$7,000,000,000, to remain available until June 30, 1943.

#### Section 2.

If any defense article procured from an appropriation made before March 11, 1941, is disposed of, under such Act of March 11, 1941, by any depart-

ment or agency to the government of any country whose defense the President deemed vital to the defense of the United States, the President may transfer, from the appropriations made by this Act to the appropriate appropriation of such department or agency, an amount equivalent to the value (as computed for the purposes of the \$1,300,000,000 limitation contained in section 3 (a) (2) of such Act of March 11, 1941) of the defense article so disposed of, but not to exceed in the aggregate \$1,300,000,000.

#### Section 3.

Any defense article procured from an appropriation made by this Act shall be retained by or transferred to and for the use of such department or agency of the United States as the President may determine, in lieu of being disposed of to a foreign government, whenever in the judgment of the President the defense of the United States will be best served thereby.

#### Section 4.

No part of any appropriation contained in this Act shall be used to pay the salary or wages of any person who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: Provided, That for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: Provided further, That any person who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence and accepts employment the salary or wages for which are paid from any appropriation in this Act shall be guilty of a felony and, upon conviction, shall be fined not more than \$1,000 or imprisoned for not more than one year, or both: Provided further, That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing law.

#### Section 5.

This Act may be cited as the "Defense Aid Supplemental Appropriation Act, 1941".

APPROVED, March 27, 1941.

## Appendix III SECOND LEND-LEASE APPROPRIATION ACT

Making supplemental appropriations for the national defense for the fiscal years ending June 30, 1942, and June 30, 1943, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the national defense for the fiscal years ending June 30, 1942, and June 30, 1943, and for other purposes, namely:

#### Section 101.

To enable the President, through such departments or agencies of the Government as he may designate, further to carry out the provisions of an

Act to promote the defense of the United States, approved March 11, 1941, and for each and every purpose incident to or necessary therefor, the

following sums for the following respective purposes, namely:

(a) For the procurement, by manufacture or otherwise, of defense articles, information and services, for the government of any country whose defense the President deems vital to the defense of the United States, and the disposition thereof, including all necessary expenses in connection therewith, as follows:

- (1) Ordnance and ordnance stores, supplies, spare parts, and materials, including armor and ammunition and components thereof, \$1,190,000,000.
- (2) Aircraft and aeronautical material, including engines, spare parts, and accessories, \$685,000,000.
- (3) Tanks, armored cars, automobiles, trucks, and other automotive vehicles, spare parts, and accessories, \$385,000,000.
- (4) Vessels, ships, boats, and other watercraft, including the hire or other temporary use thereof, and equipage, supplies, materials, spare parts, and accessories, \$850,000,000.
- (5) Miscellaneous military and naval equipment, supplies, and materials, \$155,000,000.
- (6) Facilities and equipment for the manufacture, production, or operation of defense articles and for otherwise carrying out the purposes of the Act of March 11, 1941, including the acquisition of land, and the maintenance and operation of such facilities and equipment, \$375,000,000.
- (7) Agricultural, industrial, and other commodities and articles, \$1,875,000,000.
- (b) For testing, inspecting, proving, repairing, outfitting, reconditioning, or otherwise placing in good working order any defense articles for the government of any country whose defense the President deems vital to the defense of the United States, including services and expenses in connection therewith, \$175,000,000.
- (c) For necessary services and expenses for carrying out the purposes of the Act of March 11, 1941, not specified or included in the foregoing, \$285,000,000.
  - (d) For administrative expenses, \$10,000,000.
  - (e) In all, \$5,985,000,000, to remain available until June 30, 1943.
- (f) Each of the foregoing appropriations shall be additional to, and consolidated with, the appropriation for the same purpose contained in sections 1 (a), 1 (b), 1 (d), and 1 (e), respectively, of the Defense Aid Supplemental Appropriation Act, 1941: Provided, That, with the exception of the appropriation for administrative expenses, not to exceed 20 per centum of any such consolidated appropriations may be transferred by the President to any other of such consolidated appropriations, but no such consolidated appropriation shall be increased more than 30 per centum thereby.

#### Section 102.

The President may, from time to time, when he deems it in the interest of national defense, authorize the head of any department or agency of the Government, to enter into contracts for the procurement of defense articles, information, or services for the government of any country whose defense the President deems vital to the defense of the United States, to the extent that such government agrees to pay the United States for such defense articles, information, or services prior to the receipt thereof and to make such payments from time to time as the President may require to protect the interests of the United States; and, upon payment of the full cost, the President may dispose of such articles, information, or services to such government: *Provided*, That the total amount of the outstanding contracts under this section, less the amounts which have been paid to the United States under such contracts, shall at no time exceed \$600,000,000.

#### Section 103.

Any defense article procured pursuant to this title shall be retained by or transferred to and for the use of such department or agency of the United States as the President may determine, in lieu of being disposed of to a foreign government, whenever in the judgment of the President the defense of the United States will be best served thereby.

#### Section 104.

This title may be cited as the "Defense Aid Supplemental Appropriation Act, 1942."

APPROVED, October 28, 1941.

Note.—The above is a reprint of Title I of the Act, the part having to do with Lend-Lease operations.

## Appendix IV EXECUTIVE ORDER ESTABLISHING OFFICE OF LEND-LEASE ADMINISTRATION

By virtue of the authority vested in me by the Constitution and statutes of the United States, and particularly by the Act of March 11, 1941, entitled "An Act further to promote the defense of the United States and for other purposes" (hereafter referred to as the Act), and by the Defense Aid Supplemental Appropriation Act, 1941, approved March 27, 1941, and acts amendatory or supplemental thereto, in order to define further the functions and duties of the Office for Emergency Management of the Executive Office of the President in respect to the national emergency as declared by the President on May 27, 1941, and in order to provide for the more effective administration of those Acts in the interests of national defense, it is hereby ordered as follows:

- 1. There shall be in the Office for Emergency Management of the Executive Office of the President an Office of Lend-Lease Administration, at the head of which shall be an Administrator, appointed by the President, who shall receive compensation at such rate as the President shall approve and, in addition, shall be entitled to actual and necessary transportation, subsistence, and other expenses incidental to the performance of his duties.
- 2. Subject to such policies as the President may from time to time prescribe, the Administrator is hereby authorized and directed, pursuant to Section 9 of the Act, to exercise any power or authority conferred upon the President by the Act and by the Defense Aid Supplemental Appropriation Act. 1941 and any acts amendatory or supplemental thereto, with respect

to any nation whose defense the President shall have found to be vital to the defense of the United States: *Provided*, That the master agreement with each nation receiving lend-lease aid, setting forth the general terms and conditions under which such nation is to receive such aid, shall be negotiated by the State Department, with the advice of the Economic Defense Board and the Office of Lend-Lease Administration.

3. The Administrator shall make appropriate arrangements with the Economic Defense Board for the review and clearance of lend-lease transactions which affect the economic defense of the United States as defined in

Executive Order No. 8839 of July 30, 1941.

4. Within the limitation of such funds as may be made available for that purpose, the Administrator may appoint one or more Deputy or Assistant Administrators and other personnel, delegate to such Deputy or Assistant Administrators any power or authority conferred by these orders, and make provision for such supplies, facilities, and services as shall be necessary to carry out the provisions of this Order. In so far as practicable, the Office of Lend-Lease Administration shall use such general business services and facilities as may be made available to it through the Office for Emergency Management.

5. Executive Order No. 8751 of May 2, 1941, establishing the Division of Defense Aid Reports and defining its functions and duties, is hereby revoked.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE,
October 28, 1941.

# Appendix V BRITISH WHITE PAPER OF SEPTEMBER 10, 1941

Foreign Office, S. W. 1, 10th September, 1941.

MY DEAR AMBASSADOR: With reference to the conversations about lendlease material which have recently taken place in London and in which you have participated, I enclose a memorandum on the policy of His Majesty's Government in the United Kingdom with regard to exports from this country and with regard to the distribution here of lend-lease material. I shall be glad if you will transmit it to your Government.

Yours sincerely,

ANTHONY EDEN.

His Excellency The Honourable John G. Winant.

#### Memorandum.

1. All materials which we obtain under the Lend-Lease Act are required for the prosecution of the war effort. This principle governs all questions of the distribution and use of such goods and His Majesty's Government have taken and will continue to take action to secure that these goods are not in any case diverted to the furtherance of private interests.

2. Lend-lease materials sent to this country have not been used for export and every effort will be made in the future to ensure that they are not used

for export, subject to the principle that where complete physical segregation of lend-lease materials is impracticable domestic consumption of the material in question shall be at least equal to the amounts received under lend-lease.

- 3. His Majesty's Government have not applied and will not apply any materials similar to those supplied under lend-lease in such a way as to enable their exporters to enter new markets or to extend their export trade at the expense of United States exporters. Owing to the need to devote all available capacity and man-power to war production, the United Kingdom export trade is restricted to the irreducible minimum necessary to supply or obtain materials essential to the war effort.
- 4. For some time past, exports from the United Kingdom have been more and more confined to those essential (I) for the supply of vital requirements of overseas countries, particularly in the sterling empire; (II) for the acquisition of foreign exchange, particularly in the Western Hemisphere. His Majesty's Government have adopted the policy summarized below:
  - (I) No materials of a type the use of which is being restricted in the United States on the grounds of short supply and of which we obtain supplies from the United States either by payment or on Lend-Lease terms will be used in exports with the exception of the following special cases:
    - (a) Material which is needed overseas in connection with supplies essential to the war effort for ourselves and our Allies, and which cannot be obtained from the United States.
    - (b) Small quantities of such materials needed as minor though essential components of exports which otherwise are composed of materials not in short supply in the United States.
    - (c) Repair parts for British machinery and plant now in use, and machinery and plant needed, to complete installations now under construction. so long as they have already been contracted for.

Steps have been taken to prevent the export (except to Empire and Allied territories) of such goods which do not come within the exceptions referred to in (a), (b), and (c) above.

- (II) Materials similar to those being provided under lend-lease which are not in short supply in the United States will not be used for export in quantities greater than those which we ourselves produce or buy from any source.
- 5. The general principle followed in this matter is that the remuneration received by the distributors, whatever the method of distribution, is controlled and will be no more than a fair return for the services rendered in the work of distribution. The arrangements rigorously exclude any opportunity for a speculative profit by private interests from dealing in lend-leased goods. In most cases, lend-leased supplies will be distributed through organizations acting as agents of His Majesty's Government in the strict sense of the term and not as principals. Where for strong practical reasons this cannot be done a full explanation will be supplied to the United States administration and their concurrence sought beforehand in any alternative arrangements proposed. The justification for retaining existing channels of distribution operating under strict Government control, is that the creation of elaborate new organizations in their place would inevitably result in loss of efficiency and the wasteful use of man-

power, and retard the war effort In the distribution of lend-lease goods there will be no discrimination against United States firms.

- 6. Food is a special case. Only some 5 or 6 percent in tonnage of the total British food supply is coming from the United States and without great practical complications it would be impossible to have a separate system for the distribution of lend-leased food. Food distribution is carried out in the United Kingdom by wholesalers, to whom the Government sells food as principals. In fact, the Ministry of Food has established a close control over all distributive margins so that neither the wholesalers nor the retailers receive any greater remuneration than is adequate to cover the cost of the services performed. No food obtained on lend-lease terms is or will be sold at uncontrolled prices. Thus the general arrangements as regards the issue of lend-leased food fit into His Majesty's Government's policy of stabilizing the whole price level of foodstuffs, a policy to which the Government contributes £100 millions a year.
- 7. In some cases direct free distribution is practicable and will be adopted. For example, some milk products (including lend-leased supplies from the United States) are distributed direct and free of charge to children and others in need through schools, clinics and hospitals. The distribution is undertaken by State agencies and the cost of the distribution is borne by the Government.

#### Acknowledgment.

LONDON, September 10, 1941.

Dear Mr. Eden: Thank you for your letter of September 10th, enclosing a memorandum on United Kingdom export policy and on the distribution of lend-lease material. I have caused the memorandum to be transmitted immediately to Washington for the information of my Government.

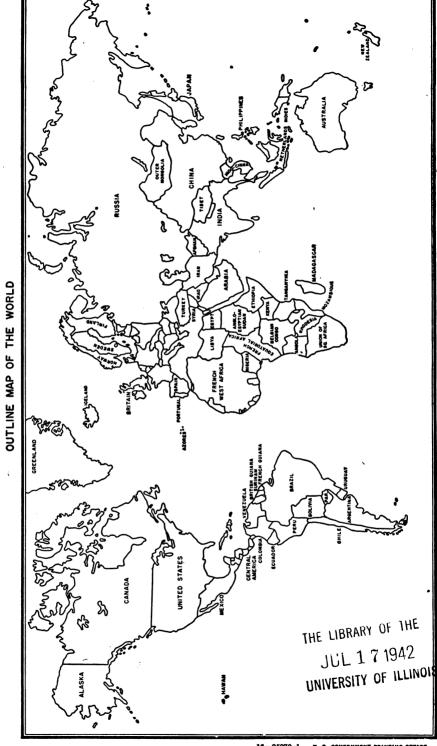
Sincerely yours,

JOHN G. WINANT.

The Right Honorable Anthony Eden, M. C. M. P., etc., etc., etc., Foreign Office, S. W. I.

September 10, 1941.

# Appendix VI



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## ON LEND-LEASE OPERATIONS

For Year Ended March 11, 1942

## REPORT TO CONGRESS ON LEND-LEASE OPERATIONS

For Year Ended March 11, 1942

### **CONTENTS**

Chap	ter P	age
•	President's Letter of Transmittal	5
1	. Lend-Lease Authority	7
2	. Lend-Lease Progress	10
3	Lend-Lease in Action	19
4	. Master Agreements and Reciprocal Aid	31
5	. Mechanics of Lend-Lease	36
S Appe	endix	
4 I	. Lend-Lease Act	44
E43 /942	. Amounts of Lend-Lease Aid Authorized	47
	. British Master Agreement	50
E IA	. British White Paper of September 10, 1941	52
V k	. Declaration by United Nations	54
div. dy. 7.		
100993	3	

#### PRESIDENT'S LETTER OF TRANSMITTAL

THE PRESIDENT OF THE SENATE,
THE SPEAKER OF THE HOUSE OF REPRESENTATIVES:

I am transmitting herewith to the Congress a report on the first year of lend-lease operations.

One year ago, in passing the Lend-Lease Act, the American people dedicated their material resources to the defeat of the Axis. We knew then that to strengthen those who were fighting the Axis was to strengthen the United States. We recognized then the lesson that has since been hammered home to us by Axis treachery and Axis arms—that the rulers of Germany and Japan would never stop until they were thrown from power or America was forced to its knees.

Now that we have had to dedicate our manpower as well as our material resources to the defeat of the Axis, the American people know the wisdom of the step they took one year ago today. Had not the nations fighting aggression been strengthened and sustained—their armed forces with weapons, their factories with materials, their people with food—our presently grave position might indeed be desperate. But for the continued resistance of these steadfast peoples, the full force of the enemy might now be battering at our own ports and gateways.

Lend-lease has given us experience with which to fight the aggressor. Lend-lease has expanded our productive capacity for the building of guns and tanks and planes and ships. The weapons we made and shipped have been tested in actual combat on a dozen battlefields, teaching lessons of untold value.

Lend-lease is now a prime mechanism through which the United Nations are pooling their entire resources. Under the Lend-Lease Act, we send our arms and materials to the places where they can best be used in the battle against the Axis. Through reciprocal lend-lease provisions we receive arms and materials from the other United Nations when they can best be used by us.

The war can only be won by contact with the enemies, and by attack upon them. That takes time, for the United Nations need more and still more equipment and transportation. Success will come dearly, at the price of defeats and losses. The offensive that the United Nations must and will drive into the heart of the Axis will take the entire strength that we possess.

For that combined strength we can thank the decision we took a year ago today. With that combined strength we go forward along the steep road to victory.

FRANKIN D. ROOSEVELT.

THE WHITE HOUSE, March 11, 1942.

#### Chapter 1

#### LEND-LEASE AUTHORITY

The Lend-Lease Act—"An Act to Promote the Defense of the United States"—became law on March 11, 1941. It defines "defense article" and "defense information" as broadly as modern warfare requires, to include every type of material, services and information useful in total war. It authorizes the sale, transfer of title, lease, loan, or other disposal of any such defense article or information to any country whose defense the President deems vital to the defense of the United States. The terms and conditions upon which aid is received are to be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other acceptable direct or indirect benefit.

The Act then provides all necessary safeguards for the protection of American public and private interests. It also requires the President to transmit to the Congress, at least once every 90 days, a report of operations under the statute, except such information as he deems incompatible with the public interest to disclose.

#### Lend-Lease Countries

When the President declares the defense of any country vital to the defense of the United States, that nation becomes eligible for lend-lease aid. The defense of the British Commonwealth of Nations and 33 other countries has thus far been declared vital to our defense. The complete list follows:

Argentina Belgium (Free) Bolivia Brazil British Commonwealth of Nations Chile China	Dominican Republic Ecuador Egypt El Salvador France (Free) Greece Guatemala	Netherlands Nicaragua Norway Panama Paraguay Peru Poland Russia
Cuba Czechoslovakia	Iceland Mexico	Venezuela Yugoslavia

Lend-lease countries cover two-thirds of the earth's surface and contain nearly two-thirds of its population. The types of aid being furnished to the principal recipients are summarized in the chapters that follow.

#### Lend-Lease Agencies

The Act of March 11, 1941, permits the President to authorize the procurement and transfer of defense articles or defense information by the Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government. These procurement activities have been carried on by the War Department, the Navy Department, the Maritime Commission, the Department of Agriculture, and the Procurement Division of the Treasury Department.

The President's own functions under the act have been delegated, subject to such policies as the President may from time to time prescribe, to the Lend-Lease Aministrator, who heads the Office of Lend-Lease Administration. Other agencies participating in the Lend-Lease program include the State Department and the Board of Economic Warfare. The work of all these departments and agencies is

described in detail in Chapter 5.

#### Lend-Lease Appropriations

Up to March 5, 1942, the Congress had authorized the transfer of up to \$48,006,650,000 worth of goods and services for lend-lease purposes. The details of these authorizations are

summarized in Appendix II.

Of this amount, \$18,410,000,000 has been appropriated directly to the President. This money is allocated, obligated, and expended for specific articles and services earmarked for lend-lease, but any articles so procured may be retained for our own needs if the President so determines. Before December 7, 1941, almost all appropriations were of this category; since that time, only nonmilitary appropriations have been made in this manner.

In addition, up to \$29,596,650,000 of all the material purchased by the War Department, Navy Department, and Maritime Commission for all war needs may, after procurement, be transferred to other nations under lend-lease, if the President

and the heads of the armed forces so determine.

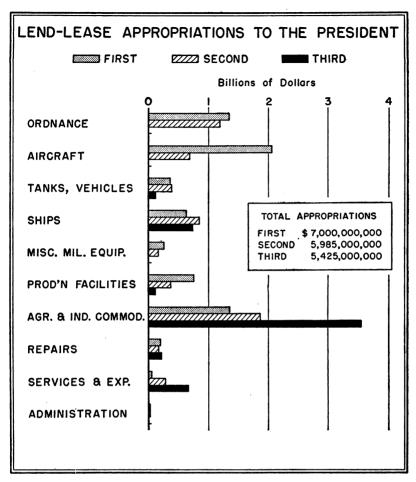


Chart No. 1

#### Chapter 2

#### LEND-LEASE PROGRESS

The results of operations during the first year of lend-lease are shown in the following tables and charts.

The statistics on allocations and obligations relate only to funds appropriated directly to the President; data on total lend-lease aid include aid derived from all appropriations.

#### Lend-Lease Appropriations to the President

The first two lend-lease appropriation acts appropriated directly to the President \$7,000,000,000 and \$5,985,000,000, respectively. On March 5, 1942, an additional appropriation to the President of \$5,425,000,000 was authorized to cover commitments which must be made before December 31, 1942. The details of the three appropriations, according to category, are shown in Chart No. 1 and Table No. 1.

The third appropriation is different from the first two in that it provides no money for military or naval articles. entry into the war, the Congress has appropriated money directly to the Army and Navy to meet the lend-lease requirements of our allies for military and naval items, such as guns, ammunition, tanks and aircraft, so that all munitions procurement may be completely integrated. The Maritime Commission has received a direct appropriation to provide additional merchant ships as a part of its over-all ship construction program, with authority to the President to lease any such vessels under the Lend-Lease Act. Consequently, the new appropriation to the President of \$5,425,000,000 provides only for the essential raw and intermediate materials from which military and naval weapons can be made abroad, as well as for agricultural and industrial commodities and other nonmilitary goods and services necessary for total war.

#### LEND-LEASE APPROPRIATIONS

## First Appropriation Act—March 27, 1941 Second Appropriation Act—October 28, 1941 Third Appropriation Act—March 5, 1942

#### Millions of Dollars

Category	First Appro- pria- tion Act	Second Appro- pria- tion Act	Total First and Second Acts	Total As Ad- justed Feb. 28 1942*	Third Appro- pria- tion Act
Ordnance and ordnance stores	1,343	1,190	2,533	2,026	
Aircraft and aeronautical mat'l.	2,054	685	2,739	2,877	
Tanks and other vehicles	362	385	747	971	129
Vessels and other watercraft	629	850	1,479	1,675	734
Misc. military equipment	260	155	415	467	· · · · • • • • • • • • • • • • • • • •
Production facilities in U. S	752	375	1,127	1,051	112
Agric. and indust. commodities	1,350	1,875	3,225	3,266	3,567
Servicing and repair of ships, etc.	200	175	375	306	208
Services and expenses	40	285	325	313	675
Administrative expenses	10	10	<b>2</b> 0	20	• • • • • • • • •
Total	7,000	5.985	12,985	12,972	5,425

<sup>\*</sup>The adjustments in the appropriated amounts were made in accordance with the provisions of the acts that permitted the transfer of not to exceed 20 percent of the amount appropriated in one category to the amount appropriated in another, so long as no appropriation was increased by more than 30 percent. The net adjustment of \$13,000,000 represents the sum used to reimburse the Treasury Department for Coast Guard vessels which were transferred to the United Kingdom.

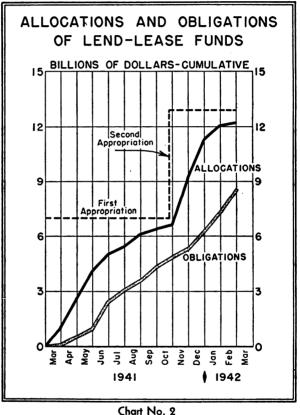
Table No. 1

#### Allocations and Obligations

Allocation of the \$12,972,000,000 available from the first two appropriations to the President was largely completed by the end of February. The funds remaining unallocated consist principally of a \$500,000,000 reserve set up for the Department of Agriculture to provide for the future purchase

of certain meat, dairy and poultry products, for which the Department is guaranteeing minimum prices to assure increased production.

The money allocated to the various procuring agencies is being put to work as rapidly as possible. The part of this money covered by formal contracts (obligations) totaled \$8.459.027,566 at February 28th—over two-thirds of the amount allocated. (See Chart No. 2.)



The fact that \$12,272,007,282 has been allocated and only \$8,459,027,566 contracted for (obligated) does not mean that the procuring agencies have the difference of \$3,812,979,716 available for immediate obligation. Some of this money must be reserved for requisitions awaiting priorities allocations before contracts can be let (see Chapter 5); other funds must be earmarked for transportation and other charges that do not accrue until the materials or services become available.

#### ALLOCATIONS AND OBLIGATIONS

# Under Lend-Lease Appropriation Acts To February 28, 1942 Millions of Dollars

#### BY PROCURING AGENCY

BY PROCURING AGENCY							
Procuring Agency	Allocations	Obligations					
War Department	6,590	4,469					
Navy Department	2,613	1,675					
Maritime Commission	1,128	930					
Treasury Department	932	601					
Department of Agriculture	1,009	784					
Total	12,272	8,459					

#### BY APPROPRIATION CATEGORY

Category	Allocations	Obligations	
Ordnance and ordnance stores	1,993	1,307	
Aircraft and aeronautical material	2,838	2,310	
Tanks and other vehicles	959	588	
Vessels and other watercraft	1,664	1,236	
Miscellaneous military equipment	457	134	
Production facilities in U. S	1,042	732	
Agricultural and industrial commodities	2,735	1,859	
Servicing and repair of ships, etc	297	197	
Services and expenses	279	92	
Administrative expenses	8	4	
Total	12,272	8,459	

Table No. 2

#### Total Lend-Lease Aid

Lend-lease aid includes not only military items such as guns, ammunition, tanks, and planes. It also includes raw materials and machinery to enable our allies to expand their own production of military weapons. It includes food for those doing the actual fighting and for those helping to produce the material with which to fight. It includes ships and the services of those manning the ships which carry the goods to their destination. It includes expansion of facilities for the production of more goods. It includes the hundreds of things being done which are described in the following chapters.

#### QUANTITIES OF NONMILITARY GOODS TRANSFERRED

#### To February 28, 1942

Commodity	Quantity			
Meat and fish products	814,756,776 pounds.			
Milk products	663,718,086 pounds.			
Egg products	128,652,685 pounds.			
Fruits and vegetables	814,006,538 pounds.			
Grain and cereal products	1,018,659,678 pounds.			
Sugar and related products	22,932,331 pounds.			
Cotton linters	35,470,581 pounds.			
Raw cotton	498,895 bales.			
Leaf tobacco	153,080 hogsheads.			
Petroleum products	44,984,827 barrels.			
Fertilizers	567,295 tons.			
Iron and steel	2,098,560 tons.			
Nonferrous metals	203,524 tons.			

Table No. 3

One measure of the amount of aid rendered thus far is the physical volume of goods transferred to our allies. The quantities of some of the more important nonmilitary items transferred are shown in Table No. 3.

The total value of lend-lease aid to February 28, 1942, was \$2,570,452,441, of which \$2,314,892,632 came from lend-lease appropriations to the President and \$255,559,809 from other appropriations. (See Chart No. 3.)

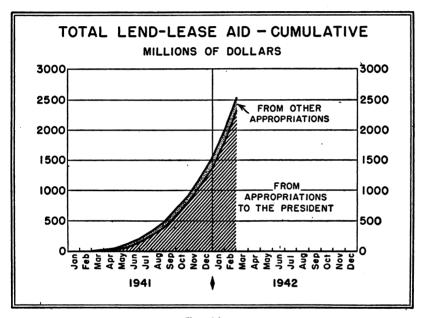


Chart No. 3

Table No. 4 summarizes total lend-lease aid by principal types. "Defense articles transferred" represents the value of goods transferred to the different lend-lease countries. "Articles awaiting transfer or use" are finished articles ready to be transferred to a lend-lease country or to be used in the manufacture of other articles for such countries; in this category would be a finished airplane ready to be flown to the point of transfer or a completed radio ready for installation in a not yet completed airplane. "Articles in process of manufacture" represents expenditures for items such as ships, upon which payment is made by the Government as the work progresses;

this category does not include the great majority of lend-lease articles in process of manufacture, which are not paid for until the finished goods are delivered. "Servicing and repair of ships, etc.," includes the cost of repairing, servicing and reconditioning the ships of lend-lease countries in United States ports. "Rental and charter of ships, etc.," represents the cost

### TOTAL LEND-LEASE AID Millions of Dollars

Type of Aid	Cumulative to Feb. 28 1942	Month of February 1942
Defense articles transferred	1,411	263
Articles awaiting transfer or use	488	175
Articles in process of manufacture	128	6
Servicing and repair of ships, etc	126	13
Rental and charter of ships, etc	243	81
Production facilities in U. S	170	29
Miscellaneous expenses	4	2
Total	. 2,570	569

#### Table No. 4

of transporting lend-lease cargoes to foreign countries. "Production facilities in United States" represents the expansion of production facilities in this country for the manufacture of lend-lease goods. "Miscellaneous expenses" includes the cost of administration and items not otherwise classified.

#### Acceleration in Lend-Lease Aid

In the first 3 months of the lend-lease program, total aid amounted to only \$118,000,000. Each month, however, showed an increase in the amount of aid, and for the month of February, 1942, aid amounted to over \$569,000,000, distributed as indicated in Table No. 4.

The amount of aid each month since the beginning of the lend-lease program is shown in Chart No. 4 and Table No. 5.

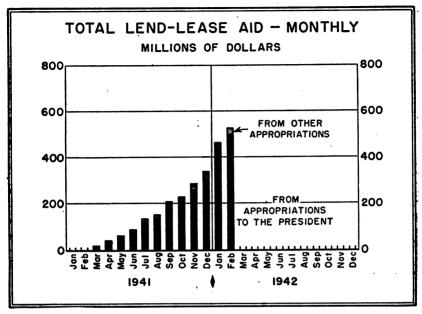


Chart No. 4

#### LEND-LEASE AID-MONTHLY AND CUMULATIVE

#### Millions of Dollars

	IVIIIIONS OF DOILGIS										
	MONTHLY										
Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
18	40	60	85	134	150	207	225	283	338	462	569
	CUMULATIVE										
Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
18	58	118	203	337	487	694	919	1,202	1,540	2,001	2,570

Table No. 5

#### Exports

The value of exports of lend-lease items to February 28, 1942, was about \$1,100,000,000. This is less than the value of articles transferred as shown in Table No. 4, due to the necessity of maintaining adequate inventories of finished articles at points of export, the fact that transfers of ships are not included in the exports figure, and other factors.

Lend-lease aid is only a part, although an increasingly important one, of our total export assistance to those opposed to the Axis. The increasing proportion of total exports accounted for by lend-lease exports is shown in Chart No. 5. This chart also shows the distribution of lend-lease exports by principal category, viz., military items, foodstuffs, and industrial materials.

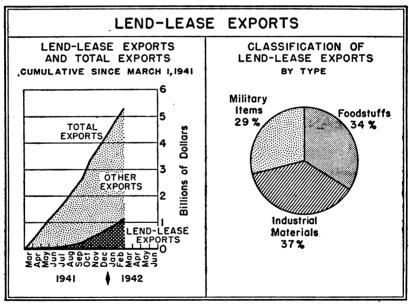


Chart No. 5

#### Chapter 3

#### LEND-LEASE IN ACTION

The two and one-half billion dollar volume of lend-lease aid supplied to date is impressive as an abstract figure. But it can have no meaning except when related to the need. So regarded, what has been done falls far short of what is needed to turn the tide toward victory.

The gulf between supply and demand has been widest in certain military categories. For military reasons, it has been impossible to make public the exact number or value of some items so far transferred. Although many have therefore inferred that the quantity of military material turned over has been enormous, the hard fact is that in relation to need the volume has been small.

Deliveries to date are inadequate because of the time and effort required to revolutionize our industrial system, and to attain the volume of production demanded of an effective arsenal of democracy. Lend-lease tanks cannot be purchased in the market place. The bulk of lend-lease aid must wait upon the tooling of factories, the pressing needs of our own armed forces, and the construction of new ships to carry the remaining weapons to our allies.

Meanwhile, substantial lend-lease assistance has been rendered. It has taken the forms described in the following sections.

#### Material

MILITARY.—Airplanes, airplane parts, tanks, ordnance, ammunition, field communications equipment, trucks, and petroleum have been supplied to the armies of the United Nations. Small ships, naval aircraft and ordnance, petroleum, and many varieties of ship and airplane stores and equipment have strengthened their navies. British naval vessels have been repaired and remodeled in our yards, and

spare parts furnished for the destroyers transferred in 1940 to the United Kingdom. Lend-lease funds have also been used to construct naval bases, tank repair, truck parts, and airplane supply depots all over the world.

All the resources of the United Nations are now part of a common pool, out of which arms and men pour as considerations of military strategy dictate. Into this pool flow lend-lease munitions, together with the entire military, air and naval strength of all the United Nations. Out of it, air, land and naval units of American forces have gone to the Southwest Pacific; British and Russian troops have moved into Iran; Chinese soldiers have come to the defense of Burma; and quantities of British material have arrived on the main front in Russia. Lend-lease material, as well, has poured from the pool to play its part in this joint effort. Lend-lease arms are being used on every great battlefield of the war, side by side with pre-lend-lease weapons purchased by the British and other nations, and still being delivered in considerable quantities.

The lessons learned under actual fire help us to better our own weapons, and thus help future lend-lease aid as well. The performance of our aircraft, for example, has enabled our Army to improve its airplane specifications and to proceed with a vast plane construction program. This program includes more than two billion dollars of lend-lease funds already obligated to manufacturers for heavy, medium, light, and dive bombers, pursuit interceptors and fighters, observation airplanes, troop carriers and personnel transports, cargo carriers, primary and advanced trainers, aircraft engines, propellers, spare parts, and other accessories.

INDUSTRIAL.—One great lesson of the war has been that nations must mobilize industrially before they can even begin to equip an adequate military establishment. To help our allies to manufacture their own munitions of war, lend-lease funds have made available raw materials and machines of many kinds.

Industrial aid already transferred includes everything from locomotives and machine tools to raw airplane woods and hoof and horn meal, an animal substance effective in extinguishing incendiary bombs. Semifinished and finished steel, copper, zinc, and aluminum have been exported to vital industrial and munitions centers. Alcohol, acids, and other chemicals have been supplied to overseas manufacturers of bombs, shells, and other ammunition. Douglas Fir, Sitka Spruce, and propeller veneer are being fashioned into aircraft abroad. Large quantities of machine tools, bearings, and abrasives have been carried over the oceans to perform their indispensable production functions.

Lend-lease machinery and other equipment is fortifying the heavy industries and agriculture of our allies. American medical supplies are helping to repair the human damage done by bombings and to maintain the health of soldiers at the front. Our textiles and leathers help to clothe the military and civil armies fighting with us.

The aggregate munitions manufacturing capacity of the United Nations is divided among many countries, and each production center must be furnished with the tools and the materials necessary to achieve the most efficient utilization of all our resources. Many of the articles listed above, however, are far from abundant, even in the United States. As part of the comprehensive pooling policy of the United Nations, these materials and machines are carefully rationed among our allies and ourselves as may best serve the common welfare.

AGRICULTURAL.—Since December 7, 1941, agricultural aid has become an even greater factor in the strategy of war. Food has been and will continue to be one of our most important contributions to the United Nations pool of resources. The lend-lease food program has been so planned as to assure efficient use of the limited shipping space available and yet to keep the military and civil armies of our associate nations well nourished.

In the program of food supply to the United Kingdom, protein foods have predominated from the outset. Concen-

trated foods such as dairy, meat, and poultry products and canned fish, together with fats and oils, have comprised a large proportion of food shipments to Great Britain. The future program puts still greater emphasis on protein foods, and shipments of less concentrated bulky items, such as certain grains and cereals, will be reduced.

Vitamins also have an important place in the program. Because of lend-lease demands, domestic production of vitamin C is being expanded, and this vitamin is being supplied to British children in the form of concentrated orange juice or as an ingredient in jam. Vitamin B-1, sometimes called the "morale vitamin," is sent to the United Kingdom to enrich flour.

The program of food shipments to Russia has been gathering rapid momentum. Wheat, flour, and sugar, which the Russians would normally produce in their own Ukraine, have been the major products supplied. Other items include meat products and vegetable oils.

Lend-lease food has also reached the United Nations armies in the Middle East. In the mobile desert war, food supplies must be compact, portable, and available for immediate use. Above all, they must be prepared to withstand spoilage due to heat. For these purposes, canned foods, especially canned fish, have proved to be especially suitable. Canned bacon, cheese, milk, and vegetables are also going to the Middle East.

For some time it was found difficult to ship shell eggs abroad because they are fragile, perishable, and bulky. As a result of research on both sides of the Atlantic, it is now possible to substitute dried eggs satisfactorily. Dried eggs require no refrigeration and less shipping space, a 5-ounce container being equivalent to a dozen fresh eggs; and consumers, as well as commercial bakeries, can use them in place of fresh eggs in almost all cooking recipes. Domestic manufacturers have been encouraged to increase egg-drying capacity from 20 million pounds to about 225 million pounds per year.

Considerable progress has also been made in shipping frozen meat in unrefrigerated ships by packing it in chilled lard.

New packages have been developed for evaporated milk, cheese, and other products which enable them to withstand the rigors of wartime transportation.

#### Transport

Along the supply lines between our arsenal and the fighting fronts lie a host of natural and human enemies. On sea, on land, and in the air, many barriers must be crossed before our weapons can reach the outstretched hands of our allies.

A tank for Russia must travel so far around the world that it may sail on a ship headed east or west, north or south. On any route, it must risk enemy raiders and inclement weather for at least 4 weeks before reaching a friendly harbor. Even then, it is still separated from the battle front by one to three thousand miles of mountain, desert, tundra, or steppe, spanned only by a single road or railroad track, often skirting enemy country. Difficult as it is to produce a tank for the Russian front, to deliver it is ten times harder.

Spanning the Oceans.—United Nations shipping comes within the same pooling principle as other major war resources of the allies. Ships flying the British, American, Dutch, Norwegian, Belgian, Russian, Polish, Greek, or Yugoslav flag serve the common needs.

The work of these ships goes far beyond carrying lend-lease material abroad. The raw elements of weapons must reach all the allied centers of production; whole armies and their equipment must be carried around the globe as the military situation requires. In keeping with the pooling principle, all ships are carefully rationed and are loaded to the last inch of deck space with the most urgent cargo available.

United Nations shipping must be increased to carry this ever-increasing load. With British and Australian ship-yards vulnerable and overtaxed, the American continent alone has the potential power to remedy the deficiency.

The first task is to build more ships. As part of the Maritime Commission's construction program, large amounts of lend-lease funds have already become obligated for the build-

ing of lend-lease vessels on the East and West Coasts, on the Gulf and Great Lakes. Several of this fleet, mainly in the smaller categories, have already been delivered. Billions more have been appropriated for the next section of the bridge of ships.

But today's battles are decided by the ships we now have. Lend-lease has made its most immediate shipping contribution in servicing the vessels now plying the oceans. More than 1,000 foreign-flag cargo carriers have been repaired and refitted out of lend-lease funds in American yards. Many have been equipped with degaussing equipment which neutralizes magnetic mines, and armed with guns to fight off surface raiders and submarines. The port and loading charges of many allied ships in American harbors have been met with lend-lease money. Conversely, as part of the pooling policy, repairs for American merchant shipping have been undertaken in allied ports, and the sterling expenses of many American merchant vessels calling in such harbors are being met with foreign funds.

Spanning the Continents.—United Nations ships have few ports near the fighting fronts. Overland transportation facilities to some of the battlefields exist, but they are usually inadequate, and must be supplemented with road and rail equipment. Sometimes whole transportation systems must be constructed before the first truck or locomotive can be rolled off the wharf.

Lend-lease has played a major role in the development of these distant frontiers. On the China route, lend-lease is enlarging the facilities of a number of Indian ports. Building machinery and railroad materials were sent to Burma to improve the twisting highway and to construct a parallel route by rail. Meanwhile, to relieve the pressure upon this slender life line and to guard against the day when the enemy might choke it off, lend-lease funds are being used to develop new routes on which communications between China and the other United Nations can continue in comparative safety.

Lend-lease has also helped to pave the road to Russia. Unloading, storage, and assembly facilities are being expanded

on the Persian Gulf, and from there the railroad through Iran to the Caspian Sea is being improved. Locomotives and trucks are also being sent to ease Russia's internal transportation problems. In keeping with the pooling principle, many Australian locomotives also were transferred to the Middle Eastern routes to Russia when German invasion made the Soviet's needs imperative.

Other needed equipment has been sent to other areas. The Middle East and Australia are being supplied with trucks. locomotives, assembly depots, and storage facilities.

AIR TRANSPORT.—The simplest way to surmount the barriers on land and sea is to fly over them.

A fighter plane or dive bomber cannot be flown to the distant lands where it must meet the enemy, but a big bomber can. American air ferries have been established to the British Isles, North Africa, the Middle East, and Australia. British ferry systems also pilot additional American planes delivered to the R. A. F. on this continent. To date, the total number of ships flown abroad has been limited by the time required for production and the lack of sufficient pilots with the skill and long experience necessary for these hazardous journeys. Both of these problems are being solved rapidly.

The Army also ferries planes of all types across our own country from factory to port, and has constructed many air fields, storage depots and hangars on this continent, in Africa and elsewhere. Many of these facilities have been built with lend-lease funds, but few of the planes ferried abroad have been lend-lease aircraft. In fact, the great majority of the ships that have flown the foreign and domestic ferry routes to date have been those of our own Army and the considerable number purchased here by the British before lend-lease became effective, and still being delivered.

Commercial passenger and cargo planes have also performed important transportation missions. Lend-lease military and technical experts have been carried east and west on the Clippers—and on the ferried bombers as well—along with many light but highly significant defense articles. In the immediate future, large cargo planes will bear some of the burden of keeping up our deliveries to the Chinese.

When our squadrons of planes are assembled, the airways now being developed by lend-lease will serve as our routes to the enemy.

#### Domestic Plant Construction

To build many weapons we must first build the plants which produce them. Lend-lease funds have been used to construct new shipways in many of our shipyards, to expand our aircraft and tank capacity, and to enlarge food processing plants. Storage warehouses have been erected to ease the congestion in our harbors.

In this field lend-lease may be said to have made its most significant contribution. Billions of dollars of lend-lease munitions orders, following the billions of dollars of prelend-lease orders placed by Great Britain and other countries before their dollar exchange ran out, have greatly expanded our plant capacity. This expansion occurred over a 27-month prewar period, during which the need of complete industrial mobilization for America was not fully appreciated. To this extent, the lend-lease program has helped to compensate for our slowness in converting our industries to a war basis.

#### Pilot Training

Lend-lease funds have helped our allies to make this country one of the principal training grounds for their pilots, thus enabling the United Nations to reap the benefit of our present military security, numerous airfields and comparative abundance of flight training facilities.

Under the present Army program thousands of British pilots will be turned out annually. The course covers a period of 9 weeks, after a preliminary one month period of pre-flight training, and new classes enter every month. Our Navy is also making classes of British students into naval aviators. Under a subsidiary program for additional pilots, Great Britain has negotiated contracts with American civilian operators to establish schools for flying instruction through the elementary and advanced stages. Lend-lease funds are being used to provide airplanes, engines, spare parts, maintenance, fuel, oil, and flying clothing. Many British lend-lease students have already been graduated.

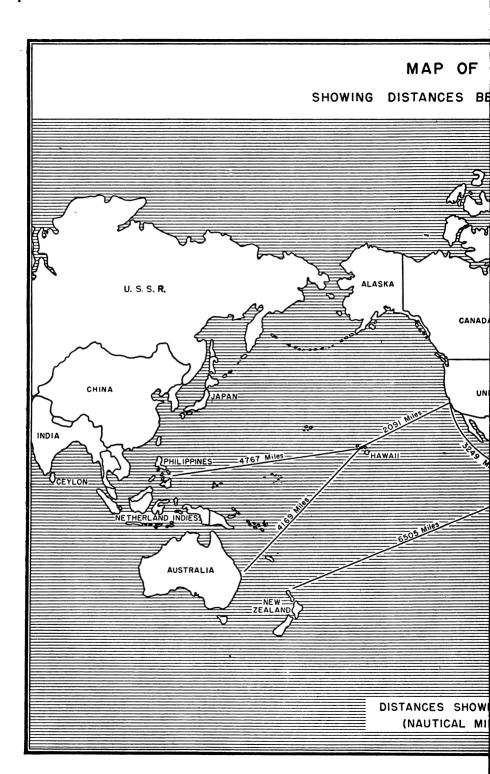
Chinese students are also undergoing lend-lease flight instruction, and many have already completed their elementary training. Chinese students are learning to be radio operators and mechanics, and courses are also held in armament and photography. Classes of Brazilian and Yugoslav students are expected to begin flight training shortly.

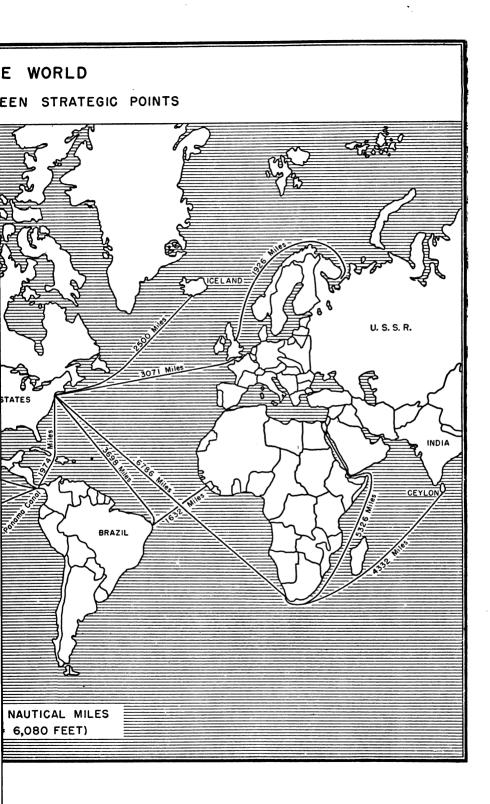
#### Foreign Missions

Military missions in Russia, China, North Africa and Iran assist in the development of lend-lease aid in these areas by seeing that material delivered is properly serviced and maintained after arrival. Their expenses are met with lend-lease funds and they gain first-hand information as to the need for articles requested, instruct foreign personnel in correct operation of our equipment, report on its effectiveness in actual battle, and help to build or rebuild the transportation systems between foreign port and battlefront where necessary.

Russian Mission: The major assignments of this mission will be to instruct Russia's soldiers in the characteristics of American-made weapons, and to decide by observation on the spot, supplemented by knowledge of our domestic problems, what types of aid we can best supply. Aside from what they can contribute to Russia's effort, the experience these officers will gain from their participation in the Russian campaign will be of priceless value to the general staff of our own army.

CHINA MISSION: The mission to China must help to equip and train a huge army for mechanized warfare. The size of this task is evident from the mission's activities—improving the Burma Road, constructing the Yunnan-Burma railway, evacuating supplies from Rangoon to the interior and diverting ships to other ports, surveying alternative transportation routes, developing communications, planning an automotive spare parts depot and a truck assembly plant, arranging for delivery of motor vehicles and other supplies, inspecting China's war industries, establishing a sanitation and malarial control unit, instructing Chinese troops in field





artillery, chemical warfare and medicine, and assisting the "Flying Tigers" of the American Volunteer Group to obtain needed material and supplies.

NORTH AFRICA MISSION: This unit, operating in Egypt, Eritrea, and Palestine is establishing repair shops for automotive and engineering equipment, tanks, ordnance, and aircraft. It is improving port facilities, salvaging scuttled Axis ships in harbors, and constructing assembly plants for weapons broken down for shipment. Military communications throughout the whole of North Africa are being improved. A technical school has been established to instruct the British in the use and maintenance of American trucks, tanks, and planes.

IRANIAN Mission: The Iranian Mission has labored to improve transport and communications in the area from Baghdad to Agra, India, and from Umm Qasr, Iraq, to Teheran, Iran, a region strategically important as a supply line to Russia and as a barrier on the road from the west to India. Pipelines, ordnance workshops and food canning factories are under construction, and more military depots and repair shops are being planned.

The success of future offensives by the United Nations will depend largely upon the work now being done by these lend-lease spearheads.

This is the substance of the lend-lease aid already rendered. Its significance must be judged with caution. True, its volume and variety represent a considerable procurement achievement, as well as a substantial contribution to the military power of the other United Nations. But while we note what has been accomplished, we must remember that we have done only a part of the job. What we have done has not met the most urgent of our present needs; it will not even begin to satisfy the stern requirements of the future.

# Chapter 4 MASTER AGREEMENTS AND RECIPROCAL AID

The terms and conditions upon which aid is granted under the Act are embodied in lend-lease master agreements, negotiated by the Department of State, with the advice of the Lend-Lease Administration and the Board of Economic Warfare. Where appropriate, other interested agencies, such as the War and Navy Departments, are consulted.

On February 23, 1942, the master agreement between Great Britain and the United States was signed, an event which the Under Secretary of State declared to be the first important milestone on the road toward achievement of the objectives set forth in the Atlantic Charter. The form and terms of this agreement represent the culmination of many months of study and negotiation, and the solution they foreshadow promises to contribute substantially to the post-war reconstruction in which the United States has so large a political and economic stake.

In passing the Act of March 11, 1941, Congress recognized the dangers to trade and to political stability inherent in the accumulation of large dollar debts, and the Act provides that the terms and conditions upon which a foreign government receives aid "shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory." The British master agreement fulfills the policy of this provision in a forceful and dynamic way, expected to be a model for other settlements under the Act.

Under the British agreement, the United States receives several kinds of direct benefit in return for its aid to Britain.

The first, both before our entry into the war, and emphatically since December 7, 1941, is the military contribution to American security which flows from the continued British fight against the Axis. To assure this benefit to America has, of course, been at all times the basic purpose and motive of the Act.

The second of the benefits provided for in the agreement is the increased flow of reciprocal aid which we are receiving from Britain and the other members of the British Commonwealth of Nations. The development of reciprocal aid among the United Nations—and here our relations with the British Commonwealths are typical—has been one of the most important recent developments in the administration of the Act of March 11, 1941. The fact that other nations have been engaged in this war for a longer period than we makes their contribution in experience, war material, and service of vital importance to us.

Lend-lease, therefore, is not a one-way street. It is the instrument with which we supply our allies and it promises to become the instrument with which they supply us. The lend-lease master agreements recognize the principle that signatory nations will make available to the United States such defense information and material as they are in a position to supply. The details of the mechanism by which some of the reciprocal aid thus rendered us is to be credited against lend-lease articles and services furnished by the United States are now in process of formulation.

Reciprocal aid is already an actuality, however, and is not waiting upon the result of these procedural discussions. Among the materials and services now being provided to us by other United Nations without dollar payment are machine tools, anti-aircraft guns and ammunition, complete equipment for a gun factory, repairs for our vessels in foreign ports, air rights for our ferry and commercial services in South America, military information and experimental models of new weapons, and a few of the vital military materials that come back in the holds of returning ships. Similar plans are being drawn for the maintenance of United States forces based in other United Nations, and for other important articles and services.

We will of course, continue to pay dollars for many things we receive today. If we did not, the seller countries would lose what little dollar exchange they now have available to use for cash purchases in our markets. Since they would have no other source of dollar exchange, they would be even more dependent on lend-lease aid than they are now.

The third direct benefit received in return for our aid is an understanding with Britain (and prospectively with other of our allies) as to the shape of future commercial and financial policy. Article VII of the Agreement of February 23, 1942, pledges the signatories to work collectively, with all other countries of like mind, for "the expansion, by appropriate international and domestic measures, of production, employment, and the exchange and consumption of goods, which are the material foundations of the liberty and welfare of all peoples." Beyond this pledge of vigorous and cooperative attack against the threat of future depression by the fullest utilization of the resources of both countries, the two nations agree to remove discrimination from trade, to work for the reduction of trade barriers, and to seek generally the attainment of the purposes set out in the Atlantic Charter. Further conversations under Article VII will clarify the policies which must accompany and complement such a program, if it is to be fulfilled.

A final determination of mutual credits between the United States and Great Britain is deferred until events shall clarify further the problems presented by the program of mutual assistance among the United Nations. After the emergency we may also, of course, require the return to us of any articles not used, lost or consumed, which we regard as important to the defense of the United States or of the Western Hemisphere, or otherwise of use to the United States.

The basic lend-lease master agreement with Great Britain is more comprehensive than those that were signed before it, and is expected to have great influence on the further development of master agreement policy. Thirteen master compacts have been executed in addition to the British agreement, with Bolivia, Brazil, Costa Rica, Cuba, Dominican Republic, El

Salvador, Haiti, Honduras, Iceland, Netherlands, Nicaragua, Paraguay, and Uruguay. Aid is provided to the Soviet Union in accordance with an exchange of communications, dated October 30, and November 4, 1941, respectively, under which the United States has extended to the Soviet, without interest, a lend-lease credit of one billion dollars, to be repaid in money or materials over a 10-year period, beginning 5 years after the end of the war. The Soviet has agreed to expedite the provision to us of raw materials essential to our war effort. Both the Netherlands agreement and the Iceland agreement call for cash payment to the United States for aid procured through the usual lend-lease channels.

Active negotiations for lend-lease master agreements are proceeding or are about to begin with Belgium, Chile, China, Colombia, Czechoslovakia, Ecuador, Free France, Greece, Guatemala, Mexico, Norway, Peru, Poland, Russia, Turkey, Venezuela, and Yugoslavia.

All the signatories of master agreements, and all other nations receiving aid, have submitted certain representations, required under the act, as a condition precedent to actual lend-lease deliveries. The countries receiving aid have agreed not to permit the transfer of any lend-lease material or information, or its use by anyone not an officer, employee, or agent of their governments, without our consent. They have undertaken to protect the interests of citizens of the United States who have patent rights in and to any articles or information transferred. Under the Act, the United States has also reserved the right, before delivery, to retain for its own defense needs any article procured for lend-lease to another nation.

Insofar as differing economic and political circumstances permit, it is expected that goodwill and self-interest will soon lead to the negotiation of uniform and comprehensive master agreements among the United Nations, laying a foundation for future action designed to fulfill the victory and safeguard the peace.

Lend-lease assistance played a part in the agreements between Brazil and the United States, signed on March 3, 1942. Those agreements were the direct result of the Conference of

American Foreign Ministers in Rio de Janeiro, during January, 1942. They contemplate a large scale program for the development of Brazilian economy, to be accomplished by agencies of the Brazilian government, with the financial aid of several branches of our government. A simultaneous agreement to expand lend-lease military aid will contribute to the success of the project.

Aid under the Act of March 11, 1941, has proved to be a weapon of great scope, with surprising capacity for cutting through barriers of convention and delay. It is an integral part of the process of pooling economic and military resources which dominates United Nations war policy. More than that, the arrangements effected under the lend-lease program may contribute profoundly to post-war economic and financial stability, and the master agreements declaring the policy of the United States in this area make lend-lease a part of a coherent plan for reconstructing and revitalizing the world economy.

#### Chapter 5

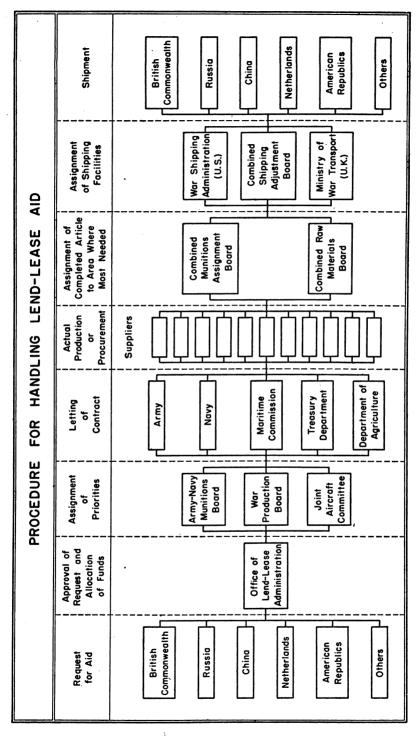
#### THE MECHANICS OF LEND-LEASE

Lend-lease is an integral part, but only a part, of our entire war production program. Just as every lend-lease decision must be in accord with our entire war production plan, so the mechanics of lend-lease can be understood only in relation to our whole procurement picture.

The chart on the opposite page traces the life of a lend-lease article from initial request to ultimate delivery. Since the chart tries to show the general relation of lend-lease to other war procurement, accuracy of minor detail has been sacrificed in the interest of simplification.

As can be seen from the chart, competition between lend-lease procurement and other procurement is reduced to a minimum. All purchasing is done through the same agencies which purchase for our own needs. Thus the War Department uses the same channels and procedures in procuring tanks for lend-lease as in procuring tanks for our own army. Conflicts of interest between lend-lease and domestic demand for scarce material are subject to adjustment by central priority and allocation boards. Even after procurement, the Combined Munitions Assignment Board may, as the military situation requires, assign to another country, under lend-lease, a plane built for our own army, or assign to our own army a plane built for lend-lease to another nation.

A year's experience in lend-lease procurement and the requirements of full war mobilization have made necessary even further integration of all munitions procurement. Since the ultimate responsibility in munitions matters must rest upon the heads of our armed forces, recent lend-lease appropriations made by the Congress allot sums for lend-lease munitions directly to the Secretary of War and the Secretary of the Navy, instead of to the Lend-Lease Administrator through the President, as formerly. This money merely represents the maximum which may be contributed to the United Nations pool of arms as lend-lease munitions; defense articles procured with these funds may instead be used for our own



forces. A direct appropriation has also been made to the Maritime Commission for the construction of new ships.

Appropriations for all other lend-lease articles and services, including nonmilitary articles procured by the Army, petro-leum purchases by the Navy, merchant ship repairs and transportation charges arranged for by the Maritime Commission, farm products procured by the Department of Agriculture and industrial commodities purchased by the Treasury, continue to be made to the President.

Further description of the procurement methods of the Army, Navy, Maritime Commission, Department of Agriculture, and Treasury, and of the operations of the priority and allocation boards, while of the utmost importance in determining the success or failure of particular lend-lease projects, is beyond the scope of this report.

# The Office of Lend-Lease Administration

The functions of the Office of Lend-Lease Administration are:

- (1) To cooperate with lend-lease nations and other government agencies in formulating broad programs for lend-lease aid, and to allocate to the various procurement agencies the funds appropriated by the Congress to the President;
- (2) To approve or disapprove requisitions of lend-lease nations for particular defense articles and services;
- (3) To forward these requisitions to the procuring agencies and to assist in obtaining the necessary priorities;
- (4) To expedite the storage and transportation of lendlease articles ready for shipment;
- (5) To assist in obtaining the proper use of lend-lease material abroad; and
  - (6) To keep detailed records of all lend-lease transactions.

# Allocation of Funds

The duty of allocating funds appropriated directly to the President for the procurement of nonmilitary items (and also for the procurement of military items before the change in appropriation policy referred to above) has been delegated by the President to the Lend-Lease Administrator, and is handled in two ways.

First, allocations are made on a program basis to cover those items for which the need can readily be foreseen. After consultation among the applicant country, the Lend-Lease Administration, the procuring agency, and, when appropriate, the Board of Economic Warfare, programs to cover future requirements are formulated and the necessary funds allocated. In this way, a 6-month chemical or steel program can be evaluated, in terms of need, funds, and supply, more quickly and more accurately than can piecemeal and recurring requests for smaller quantities of such material.

Second, the Lend-Lease Administration and the various procuring agencies agree as to the nature and amount of certain "blanket" allocations made to cover the cost of the many items, such as emergency ship repairs, which cannot readily be planned in advance on a program basis. These items must be handled separately, from day to day, as critical needs arise. "Blanket" allocations are also made available to the procurement agencies for "spot" and other rush purchases and are replenished from time to time as needel.

# Approval of Requisitions

Requests for aid are presented to the Lend-Lease Administration in the form of requisitions drawn up by the applicant country with the assistance of the liaison officer of the Lend-Lease Administration assigned to that country. The requisition must set forth the use to which the requested article or service is to be put, and the reason why it is needed. No items are approved unless the following conditions are met:

- (a) The lend-lease aid requested must be for a specific use essential to the total war or defense effort of a country whose defense the President has found vital to the defense of the United States.
- (b) The lend-lease aid requested must be more important to the total war effort of the United Nations than any other competing demand for the funds available.
- (c) The lend-lease aid requested must be scheduled for use where it can best contribute to the total war effort.

- (d) The lend-lease aid requested must be obtainable at as low a cost, in terms of lend-lease funds and of component critical materials, as is consistent with the need which it is designated to meet.
- (e) The lend-lease aid requested must not be obtainable, as a practical matter, by payment therefor in American dollars or other currency available to the requisitioning country.

If the requisition contains the necessary information, and the above requirements are satisfied, the liaison officer recommends its clearance, subject to the approval of the Legal Division and of the Assistant Administrator in charge of clearance. If the material requested is in short supply in the United States, further information is requested as to the available supply, consumption, rationing restrictions, exports, and estimated requirements of the applicant country. The judgment of the Board of Economic Warfare is requested on all such long-range problems. In addition to these administrative controls, each nation is impelled by its own desire to cooperate in the common effort, as well as by limited shipping facilities, to submit requisitions only for its most urgent needs.

Constant reexamination and improvement of the requisition procedure has resulted in decreasing the average elapsed time for clearance to less than 48 hours.

# Forwarding to Procuring Agency and Obtaining Priorities

Upon approval, the requisition is forwarded to the appropriate procurement agency. These agencies do not, as originally, have to await the allocation of funds by the Lend-Lease Administrator for each individual requisition, since the money has already been allocated to them on a program or "blanket" basis. If for any reason the agency does not feel that it should procure a particular article—for example, because it believes the article should be retained in this country—the agency notifies the Lend-Lease Administration and the matter is worked out in consultation between them. In almost all cases, however, these matters are thoroughly checked and agreed upon in advance, and the agency is pre-

pared immediately to proceed with procuring the defense articles or services requested. If disagreement persists, the problem may be referred to the Combined Munitions Assignment Board or the Combined Raw Materials Board, depending upon the nature of the article under discussion.

Before production can begin, the necessary priorities must be obtained. An important function of the Office of Lend-Lease Administration is, when necessary, to present the case of the applicant country to the appropriate priorities authority, and to bring about an understanding of the urgent need for the article requested. In all cases, however, the final priorities decision is made, with due regard to the entire war production plan, by the War Production Board or the Army-Navy Munitions Board and the Joint Aircraft Committee, to which the War Production Board has delegated part of its priorities power.

# Storage and Transportation

At the time it approves nonmilitary requisitions, the Lend-Lease Administrator, with the approval of the Board of Economic Warfare, authorizes the transfer and export of the defense article by the purchasing agency to the applicant country. To assure actual delivery, however, involves much more than granting the authority to transfer. As the areas of combat mushroom over the surface of the globe, the difficulties of transportation continue to multiply, until today they have become one of the principal problems confronting the United Nations.

Each procuring agency is primarily responsible for the movement of its own lend-lease articles from point of production to shipboard. The Lend-Lease Administration maintains a special staff of transportation experts to assist in assuring a steady flow of lend-lease articles to domestic and foreign ports.

All traffic in the continental United States is subject to the coordination and direction of the Office of Defense Transportation. This agency assembles comprehensive information on inland traffic conditions and the utilization of port facilities, as a basis for directive control of the flow of cargo to the

loading ports. Thus intelligent decisions can be made as to whether particular lend-lease articles should be shipped immediately to tidewater or whether intermediate storage is advisable. Each procuring agency arranges for its own storage as needed. In addition, with the assistance of lend-lease funds, the War Department has constructed and now operates additional emergency storage facilities, and many more War Department storage depots are in process of construction. The Office of Defense Transportation maintains a storage division responsible for all master storage plans and is consulted with respect to all storage facilities acquired for lend-lease purposes. As information is received that ocean shipping will become available, each procuring agency arranges for shipment over the route and to the loading port determined to be most efficient by the Office of Defense Transportation and the United States War Shipping Administration, in view of the entire land and water traffic situation.

The movement of all American, British, Dominion, and exile government shipping is controlled by the United States War Shipping Administration and the British Ministry of War Transport. The activities of these two agencies and the operation of the merchant fleets of the other United Nations are coordinated by the Combined Shipping Adjustment Board. The movement of all vessels is geared to achieve the fullest and most economical use of outgoing and incoming shipping space, to assure a steady supply of strategic materials to the production centers, and to conform with the most pressing military needs of the moment. The Lend-Lease Administration assists the transportation authorities in reaching informed judgments by furnishing periodic estimates of the nature and destination of lend-lease cargoes expected to become ready for carriage at stated future intervals.

# Control of Use

The governments to which aid has been rendered keep the Lend-Lease Administration informed on the use, condition, and continued need of materials transferred. Lend-lease representatives are on the ground in all of the major areas to which lend-lease supplies are being delivered.

Much advisory work has been done in the distribution of lend-lease food in Great Britain. Lend-lease foods are distributed through the usual wholesale and retail channels under strict governmental supervision and price control. Where possible, each product bears a distinctive American identification symbol. Special efforts have been made to accustom the British public to many unfamiliar American foods.

Once articles are transferred to a Lend-Lease country, they may not be retransferred, either to private individuals or to other countries, without the consent of the United States. This consent is granted only where it will further the total war effort.

An extension of this control, with special reference to exports from the United Kingdom containing lend-lease materials or materials similar to those supplied under Lend-Lease, was undertaken by the British government in the so-called Eden White Paper dated September 10, 1941. Under this White Paper, reprinted in Appendix IV, permission to reexport has been granted from time to time, but only after it has been established that such export would benefit the total war effort of the United Nations.

# Reports and Records

The Lend-Lease Administration maintains a careful system, of records to account for all funds appropriated by the Congress, whether to the President directly or to the various procurement agencies. Through prescribed reporting procedures, each procurement agency supplies up to date data on its progress in procuring the articles and services requested. Records are compiled on the amount of aid supplied to each United Nation, by type of article or service and by value.

Periodically, this information is summarized in reports on total lend-lease progress circulated among the interested agencies, and weekly and monthly summaries are also furnished to the President. The frequency and thoroughness of these reports have been of great assistance to those who make the day-to-day decisions so vital to the success of the entire lend-lease program.

# **APPENDICES**

# Appendix I

Further to promote the defense of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "An Act to Promote the Defense of the United States."

#### Section 2.

As used in this Act-

- (a) The term "defense article" means-
  - (1) Any weapon, munition, aircraft, vessel, or boat;
  - (2) Any machinery, facility, tool, material, or supply necessary for the manufacture, production, processing, repair, servicing, or operation of any article described in this subsection;
  - (3) Any component material or part of or equipment for any article described in this subsection;
  - (4) Any agricultural, industrial or other commodity or article for defense.

Such term "defense article" includes any article described in this subsection: Manufactured or procured pursuant to section 3, or to which the United States or any foreign government has or hereafter acquires title, possession, or control.

(b) The term "defense information" means any plan, specification, design, prototype, or information pertaining to any defense article.

#### Section 3.

- (a) Notwithstanding the provisions of any other law, the President may, from time to time, when he deems it in the interest of national defense, authorize the Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government—
  - (1) To manufacture in arsenals, factories, and shippards under their jurisdiction, or otherwise procure, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for the government of any country whose defense the President deems vital to the defense of the United States.

- (2) To sell, transfer title to, exchange, lease, lend, or otherwise dispose of, to any such government any defense article, but no defense article not manufactured or procured under paragraph (1) shall in any way be disposed of under this paragraph, except after consultation with the Chief of Staff of the Army or the Chief of Naval Operations of the Navy, or both. The value of defense articles disposed of in any way under authority of this paragraph, and procured from funds heretofore appropriated, shall not exceed \$1,300,000,000. The value of such defense articles shall be determined by the head of the department or agency concerned or such other department, agency or officer as shall be designated in the manner provided in the rules and regulations issued hereunder. Defense articles procured from funds hereafter appropriated to any department or agency of the Government, other than from funds authorized to be appropriated under this Act, shall not be disposed of in any way under authority of this paragraph except to the extent hereafter authorized by the Congress in the Acts appropriating such funds or otherwise.
- (3) To test, inspect, prove, repair, outfit, recondition, or otherwise to place in good working order, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for any such government, or to procure any or all such services by private contract.
- (4) To communicate to any such government any defense information, pertaining to any defense article furnished to such government under paragraph (2) of this subsection.
- (5) To release for export any defense article disposed of in any way under this subsection to any such government.
- (b) The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory.
- (c) After June 30, 1943, or after the passage of a concurrent resolution by the two Houses before June 30, 1943, which declares that the powers conferred by or pursuant to subsection (a) are no longer necessary to promote the defense of the United States, neither the President nor the head of any department or agency shall exercise any of the powers conferred by or pursuant to subsection (a); except that until July 1, 1946, any of such powers may be exercised to the extent necessary to carry out a contract or agreement with such a foreign government made before July 1, 1943, or before the passage of such concurrent resolution, whichever is the earlier.
- (d) Nothing in this Act shall be construed to authorize or to permit the authorization of convoying vessels by naval vessels of the United States.
- (e) Nothing in this Act shall be construed to authorize or to permit the authorization of the entry of any American vessel into a combat area in violation of section 3 of the Neutrality Act of 1939.

#### Section 4.

All contracts or agreements made for the disposition of any defense article or defense information pursuant to section 3 shall contain a clause by which the foreign government undertakes that it will not, without the consent of the President, transfer title to or possession of such defense article or defense information by gift, sale, or otherwise, or permit its use by anyone not an officer, employee, or agent of such foreign government.

#### . Section 5.

- (a) The Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government involved shall, when any such defense article or defense information is exported, immediately inform the department or agency designated by the President to administer section 6 of the Act of July 2, 1940 (54 Stat. 714), of the quantities, character, value, terms of disposition, and destination of the article and information so exported.
- (b) The President from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose. Reports provided for under this subsection shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

#### Section 6.

- (a) There is hereby authorized to be appropriated from time to time, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to carry out the provisions and accomplish the purposes of this Act.
- (b) All money and all property which is converted into money received under section 3 from any government shall, with the approval of the Director of the Budget, revert to the respective appropriation or appropriations out of which funds were expended with respect to the defense article or defense information for which such consideration is received, and shall be available for expenditure for the purpose for which such expended funds were appropriated by law, during the fiscal year in which such funds are received and the ensuing fiscal year; but in no event shall any funds so received be available for expenditure after June 30, 1946.

#### Section 7.

The Secretary of War, the Secretary of the Navy, and the head of the department or agency shall in all contracts or agreements for the disposition of any defense article or defense information fully protect the rights of all

citizens of the United States who have patent rights in and to any such article or information which is hereby authorized to be disposed of and the payments collected for royalties on such patents shall be paid to the owners and holders of such patents.

#### Section 8.

The Secretaries of War and of the Navy are hereby authorized to purchase or otherwise acquire arms, ammunition, and implements of war produced within the jurisdiction of any country to which section 3 is applicable, whenever the President deems such purchase or acquisition to be necessary in the interests of the defense of the United States.

#### Section 9.

The President may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out any of the provisions of this Act; and he may exercise any power or authority conferred on him by this Act through such department, agency, or officer as he shall direct.

#### Section 10.

Nothing in this Act shall be construed to change existing law relating to the use of the land and naval forces of the United States, except insofar as such use relates to the manufacture, procurement, and repair of defense articles, the communication of information and other noncombatant purposes enumerated in this Act.

#### Section 11.

If any provision of this Act or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances shall not be affected thereby.

APPROVED, March 11, 1941.

# Appendix II

# AMOUNTS OF LEND-LEASE AID AUTHORIZED

# Lend-Lease Act—March 11, 1941

This Act appropriated no money, but empowered the President to transfer a maximum of \$1,300,000,000 of defense articles, obtained with funds appropriated prior to the date of the Act.

# First Lend-Lease Appropriation Act—March 27, 1941

This Act appropriated \$7,000,000,000 for lend-lease, of which \$13,000,000 was transferred to the Treasury Department to cover the cost of 10 Coast Guard cutters turned over to Great Britain.



# First Supplemental Nat'l Defense Approp. Act—August 25, 1941

Title III of this Act added \$1,296,650,000 in appropriated funds and contract authorizations to the Maritime Commission's general funds, established by the 1936 Merchant Marine Act, for ship and facilities construction, and empowered the President to lease vessels constructed or acquired with funds appropriated by this title.

# Second Lend-Lease Appropriation Act—October 28, 1941

Title I of this Act appropriated \$5,985,000,000 for lend-lease. It also authorized the President to transfer defense articles or information to any country whose defense has been deemed vital to the defense of the United States, for payment upon delivery.

# Third Supplemental Nat'l Defense Approp. Act—Dec. 17, 1941

Title I of this Act appropriated money to the War Department and changed the provisions of the Lend-Lease Act in regard to the transfer of defense articles. The President was empowered to transfer War Department articles procured from funds appropriated prior to or since March 11, 1941 to the value of \$2,000,000,000. The limitation of \$1,300,000,000, which applied to goods obtained from appropriations made prior to March 11, 1941, was reduced to \$800,000,000, and this new limitation was made to apply only to articles other than War Department articles.

# Fourth Supplemental Nat'l Defense Approp. Act—Jan. 30, 1942

Title I of this Act appropriated money to the War Department and empowered the President to lend-lease War Department articles procured from funds appropriated in this title to the value of \$4,000,000,000. These articles will come principally from the aircraft category and to a lesser extent from ordnance and other categories.

# Naval Appropriation Act—February 7, 1942

Title III of this Act empowered the President to lease, for a period of time not exceeding the duration of the existing emergency, ships to be constructed at a cost not to exceed \$3,900,000,000, and to transfer articles procured from funds appropriated by this Act to the value of \$2,500,000,000.

# Fifth Supplemental Nat'l Defense Approp. Act—March 5, 1942

Title I of this Act appropriated money to the War Department and empowered the President to lend-lease articles procured from funds appropriated in this title to the value of \$11,250,000,000. These articles will come principally from the ordnance category and to a lesser extent from other categories.

Title II of this Act appropriated to the Maritime Commission additional

funds and authorized contracts totaling \$3,850,000,000 for construction of ships and facilities, and empowered the President to lease ships authorized in this title.

Title III of this Act appropriated directly to the President \$5,425,000,000 for lend-lease.

#### **RECAPITULATION**

The amount of lend-lease aid that may be provided under the various acts is summarized in the following table.

Lend-Lease Appropriations to the President First Lend-Lease Appropriation Act Second Lend-Lease Appropriation Act Third Lend-Lease Appropriation (Fifth Supplemental)	\$7,000,000,000 5,985,000,000 5,425,000,000
	\$18,410,000,000
Value of Goods That Can Be Transferred War Department—Third Supplemental War Department—Fourth Supplemental War Department—Fifth Supplemental Navy Department—Naval Approp. Act (Ships) Navy Department—Naval Approp. Act (Articles) Maritime Commission—First Supplemental Maritime Commission—Fifth Suppl. (Approp. Funds) Maritime Commission—Fifth Suppl. (Contr. Auth.) Other Departments—Third Supplemental	\$2,000,000,000 4,000,000,000 11,250,000,000 3,900,000,000 2,500,000,000 1,296,650,000 1,500,000,000 2,350,000,000 800,000,000

MAXIMUM AMOUNT OF AID THAT CAN BE PROVIDED..... \$48,006,650,000

# Appendix III BRITISH MASTER AGREEMENT

Agreement Between the Governments of the United States of America and of the United Kingdom on the Principles Applying to Mutual Aid in the Prosecution of the War Against Aggression, Authorized and Provided for by the Act of March 11, 1941.

Whereas the Governments of the United States of America and the United Kingdom of Great Britian and Northern Ireland declare that they are engaged in a cooperative undertaking, together with every other nation or people of like mind, to the end of laying the bases of a just and enduring world peace securing order under law to themselves and all nations;

And whereas the President of the United States of America has determined, pursuant to the Act of Congress of March 11, 1941, that the defense of the United Kingdom against aggression is vital to the defense of the United States of America;

And whereas the United States of America has extended and is continuing to extend to the United Kingdom aid in resisting aggression;

And whereas it is expedient that the final determination of the terms and conditions upon which the Government of the United Kingdom receives such aid and of the benefits to be received by the United States of America in return therefor should be deferred until the extent of the defense aid is known and until the progress of events makes clearer the final terms and conditions and benefits which will be in the mutual interests of the United States of America and the United Kingdom and will promote the establishment and maintenance of world peace;

And whereas the Governments of the United States of America and the United Kingdom are mutually desirous of concluding now a preliminary agreement in regard to the provision of defense aid and in regard to certain considerations which shall be taken into account in determining such terms and conditions and the making of such an agreement has been in all respects duly authorized, and all acts, conditions and formalities which it may have been necessary to perform, fulfill or execute prior to the making of such an agreement in conformity with the laws either of the United States of America or of the United Kingdom have been performed, fulfilled or executed as required;

The undersigned, being duly authorized by their respective Governments for that purpose, have agreed as follows:

#### Article 1

The Government of the United States of America will continue to supply the Government of the United Kingdom with such defense articles, defense services, and defense information as the President shall authorize to be transferred or provided.

#### Article II

The Government of the United Kingdom will continue to contribute to the defense of the United States of America and the strengthening thereof and will provide such articles, services, facilities or information as it may be in a position to supply.

#### Article III

The Government of the United Kingdom will not without the consent of the President of the United States of America transfer title to, or possession of, any defense article or defense information transferred to it under the Act or permit the use thereof by anyone not an officer, employee, or agent of the Government of the United Kingdom.

#### Article IV

If, as a result of the transfer to the Government of the United Kingdom of any defense article or defense information, it becomes necessary for that Government to take any action or make any payment in order fully to protect any of the rights of a citizen of the United States of America who has patent rights in and to any such defense article or information, the Government of the United Kingdom will take such action or make such payment when requested to do so by the President of the United States of America.

#### Article V

The Government of the United Kingdom will return to the United States of America at the end of the present emergency, as determined by the President, such defense articles transferred under this Agreement as shall not have been destroyed, lost or consumed and as shall be determined by the President to be useful in the defense of the United States of America or of the Western Hemisphere or to be otherwise of use to the United States of America.

#### Article VI

In the final determination of the benefits to be provided to the United States of America by the Government of the United Kingdom full cognizance shall be taken of all property, services, information, facilities, or other benefits or considerations provided by the Government of the United Kingdom subsequent to March 11, 1941, and accepted or acknowledged by the President on behalf of the United States of America.

#### Article VII

In the final determination of the benefits to be provided to the United States of America by the Government of the United Kingdom in return for aid furnished under the Act of Congress of March 11, 1941, the terms and conditions thereof shall be such as not to burden commerce between the two countries, but to promote mutually advantageous economic relations between them and the betterment of world-wide economic relations. To that end, they shall include provision for agreed action by the United States of America and the United Kingdom, open to participation by all other countries of like mind, directed to the expansion, by appropriate international and domestic measures, of production, employment, and the exchange

and consumption of goods, which are the material foundations of the liberty and welfare of all peoples; to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers; and, in general, to the attainment of all the economic objectives set forth in the Joint Declaration made on August 12, 1941, by the President of the United States of America and the Prime Minister of the United Kingdom.

At an early convenient date, conversations shall be begun between the two Governments with a view to determining, in the light of governing economic conditions, the best means of attaining the above-stated objectives by their own agreed action and of seeking the agreed action of other like-minded Governments.

#### Article VIII

This Agreement shall take effect as from this day's date. It shall continue in force until a date to be agreed upon by the two Governments.

Signed and sealed at Washington in duplicate this 23d day of February, 1942.

For the Government of the United States of America:

[SEAL]

SUMNER WELLES.

Acting Secretary of State of the United States of America.

For the Government of the United Kingdom of Great Britain and Northern Ireland:

[Seal]

HALIFAX

His Majesty's Ambassador Extraordinary and Plenipotentiary at Washington.

# Appendix IV BRITISH WHITE PAPER OF SEPTEMBER 10, 1941

Foreign Office, S. W. I.,

10th September, 1941.

MY DEAR AMBASSADOR: With reference to the conversations about lendlease material which have recently taken place in London and in which you have participated, I enclose a memorandum on the policy of His Majesty's Government in the United Kingdom with regard to exports from this country and with regard to the distribution here of lend-lease material. I shall be glad if you will transmit it to your Government.

Yours sincerely,

ANTHONY EDEN.

His Excellency The Honourable John G. Winant.

#### Memorandum.

1. All materials which we obtain under the Lend-Lease Act are required for the prosecution of the war effort. This principle governs all questions

of the distribution and use of such goods and His Majesty's Government have taken and will continue to take action to secure that these goods are not in any case diverted to the furtherance of private interests.

- 2. Lend-lease materials sent to this country have not been used for export and every effort will be made in the future to ensure that they are not used for export, subject to the principle that where complete physical segregation of lend-lease materials is impracticable domestic consumption of the material in question shall be at least equal to the amounts received under lend-lease.
- 3. His Majesty's Government have not applied and will not apply any materials similar to those supplied under lend-lease in such a way as to enable their exporters to enter new markets or to extend their export trade at the expense of United States exporters. Owing to the need to devote all available capacity and man-power to war production, the United Kingdom export trade is restricted to the irreducible minimum necessary to supply or obtain materials essential to the war effort.
- 4. For some time past, exports from the United Kingdom have been more and more confined to those essential (I) for the supply of vital requirements of overseas countries, particularly in the sterling empire; (II) for the acquisition of foreign exchange, particularly in the Western Hemisphere. His Majesty's Government have adopted the policy summarized below:
  - (I) No materials of a type the use of which is being restricted in the United States on the grounds of short supply and of which we obtain supplies from the United States either by payment or on lend-lease terms will be used in exports with the exception of the following special cases:
    - (a) Material which is needed overseas in connection with supplies essential to the war effort for curselves and our Allies, and which cannot be obtained from the United States.
    - (b) Small quantities of such materials needed as minor though essential components of exports which otherwise are composed of materials not in short supply in the United States.
    - (c) Repair parts for British machinery and plant now in use, and machinery and plant needed to complete installations now under construction, so long as they have already been contracted for.

Steps have been taken to prevent the export (except to Empire and Allied territories) of such goods which do not come within the exceptions referred to in (a), (b), and (c) above.

- (II) Materials similar to those being provided under lend-lease which are not in short supply in the United States will not be used for export in quantities greater than those which we ourselves produce or buy from any source.
- 5. The general principle followed in this matter is that the remuneration received by the distributors, whatever the method of distribution, is controlled and will be no more than a fair return for the services rendered in the work of distribution. The arrangements rigorously exclude any opportunity for a speculative profit by private interests from dealing in lend-leased goods. In most cases, lend-leased supplies will be distributed through organizations acting as agents of His Majesty's Government in the strict sense of the term and not as principals. Where for strong practical reasons this cannot be done a full explanation will be supplied to the

United States administration and their concurrence sought beforehand in any alternative arrangements proposed. The justification for retaining existing channels of distribution operating under strict Government control, is that the creation of elaborate new organizations in their place would inevitably result in loss of efficiency and the wasteful use of manpower, and retard the war effort. In the distribution of lend-lease goods there will be no discrimination against United States firms.

6. Food is a special case. Only some 5 or 6 percent in tonnage of the total British food supply is coming from the United States and without great practical complications it would be impossible to have a separate system for the distribution of lend-leased food. Food distribution is carried out in the United Kingdom by wholesalers, to whom the Government sells food as principals. In fact, the Ministry of Food has established a close control over all distributive margins so that neither the wholesalers nor the retailers receive any greater remuneration than is adequate to cover the cost of the services performed. No food obtained on lend-lease terms is or will be sold at uncontrolled prices. Thus the general arrangements as regards the issue of lend-leased food fit into His Majesty's Government's policy of stabilizing the whole price level of foodstuffs, a policy to which the Government contributes £100 millions a year.

7. In some cases direct free distribution is practicable and will be adopted. For example, some milk products (including lend-leased supplies from the United States) are distributed direct and free of charge to children and others in need through schools, clinics, and hospitals. The distribution is undertaken by State agencies and the cost of the distribution is borne by

the Government.

# Appendix V

# DECLARATION BY UNITED NATIONS

A Joint Declaration by the United States of America, the United Kingdom of Great Britain and Northern Ireland, the Union of Soviet Socialist Republics, China, Australia, Belgium, Canada, Costa Rica, Cuba, Czechoslovakia, Dominican Republic, El Salvador, Greece, Guatemala, Haiti, Honduras, India, Luxembourg, Netherlands, New Zealand, Nicaragua, Norway, Panama, Poland, South Africa, Yugoslavia.

The Governments signatory hereto,

Having subscribed to a common program of purposes and principles embodied in the Joint Declaration of the President of the United States of America and the Prime Minister of the United Kingdom of Great Britain and Northern Ireland dated August 14, 1941, known as the Atlantic Charter,

Being convinced that complete victory over their enemies is essential to defend life, liberty, independence and religious freedom, and to preserve

human rights and justice in their own lands as well as in other lands, and that they are now engaged in a common struggle against savage and brutal forces seeking to subjugate the world, DECLARE:

(1) Each Government pledges itself to employ its full resources, military or economic, against those members of the Tripartite Pact and its

adherents with which such government is at war.

(2) Each Government pledges itself to cooperate with the Governments signatory hereto and not to make a separate armistice or peace with the enemies.

The foregoing declaration may be adhered to by other nations which are, or which may be, rendering material assistance and contributions in the struggle for victory over Hitlerism.

Done at Washington January First 1942

The Republic of Costa Rica by Luis Fernandez

The Republic of Cuba by Aurelio F. Concheso

Czechoslovak Republic by V. S. Hurban

The Dominican Republic by J. M. Troncoso

The Republic of El Salvador by C. A. Alfaro

The Kingdom of Greece by Cimon P. Diamantopoulos

The Republic of Guatemala by Enrique Lopez-Herrarte

The United States of America by Franklin D. Roosevelt

The United Kingdom of Great Britain and Northern Ireland by Winston Churchill

On behalf of the Government of the Union of Soviet Socialist Republics by Maxim Litvinoff,

**Ambassador** 

National Government of the Republic India of China

Tse Vung Soong, Minister for Foreign Affairs

The Commonwealth of Australia by R. G. Casey

The Kingdom of Belgium by Cte. R. v. d. Straten

Canada

by Leighton McCarthy

The Grand Duchy of Luxembourg by Hugues Le Gallais

The Kingdom of the Netherlands A. Loudon

Signed on behalf of the Govt. of the Dominion of New Zealand by Frank Langstone

The Republic of Nicaragua by Leon DeBayle

The Kingdom of Norway by W. Munthe de Morgenstierne

The Republic of Panama by Jaen Guardia.

The Republic of Poland by Jan Ciechanowski

La Republique d'Haiti par Fernand Dennis

The Republic of Honduras by Julian R. Caceres

Girja Shankar Bajpai The Union of South Africa by Ralph W. Close

The Kingdom of Yugoslavia by Constantin A. Fotitch

> 16-27075-1 U. S. GOVERNMENT PRINTING OFFICE

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# FIFTH REPORT TO CONGRESS ON LEND-LEASE OPERATIONS

For the Period Ended June 11, 1942

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# SIXTH REPORT TO CONGRESS ON LEND-LEASE OPERATIONS

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For the Period Ended September 11, 1942

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"The President from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose."

[From Section 5, subsection b of "An Act to Promote the Defense of the United States" (Public Law No. 11, 77th Congress, 1st Session).]

# CONTENTS

hapter	Pa	ge
President's Letter of Transmittal		5
1. Lend-Lease Progress		7
2. Special Projects	• • • • •	12
3. Lend-Lease Agreements		14
Appendix		
I. Lend-Lease Act	1	17
II. Lend-Lease Appropriations and Authorizat	ions. 2	21
III. Reciprocal Aid Agreements		22

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# PRESIDENT'S LETTER OF TRANSMITTAL

To the Congress of the United States of America:

I am transmitting to the Congress the Sixth Quarterly Report on operations under the Lend-Lease Act.

As our men move overseas to battle they must and will have sufficient quantities of the best equipment the United States can produce. At the same time we must provide more weapons to the armies of our allies already in the fighting lines. Britain has been fighting the Nazis for three years, China is in her sixth year of war, and in Russia the war's greatest land front is more than a year old. From the beginning they have carried on without enough guns or tanks or planes. It is through their uphill fight that the war has not been lost. Only by strengthening our allies and combining their strength with ours can we surely win.

Deliveries of lend-lease supplies, which have been growing, will have to grow much larger still. We and the other United Nations need all the weapons that all of us can produce and all the men that all of us can muster. In relation to their available resources Britain and Russia have up to now porduced more weapons than we have. And they are continuing to produce to the limit, in spite of the fact that Russia is a battle-field and Britain an offensive base. So far the United States has little more than passed the halfway mark towards maximum possible war production. Not until we have reached the maximum—and we can do this only by stripping our civilian economy to the bone—can our fighting men and those of our allies be assured of the vastly greater quantities of weapons required to turn the tide. Not until then can the United Nations march forward together to certain victory.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, September 11, 1942.

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# Chapter 1

# LEND-LEASE PROGRESS

In ever-increasing numbers American men are joining battle with the enemy on land, on sea, and in the air, alongside the men of other United Nations. American factories and workshops are furnishing our forces with the weapons and materials they must have. At the same time, under the lend-lease program, weapons must be provided in steadily increasing quantities to our allies so that the fighting power of the United Nations may become an overwhelming force.

# Total Lend-Lease Aid

During the eighteen-month period, March 1941 through August 1942, the value of goods transferred and services rendered was \$5,129,000,000. Goods transferred comprise 79 percent of this amount and services rendered 21 percent. In addition, the value of lend-lease goods in process at August 31, 1942, was \$1,360,000,000.

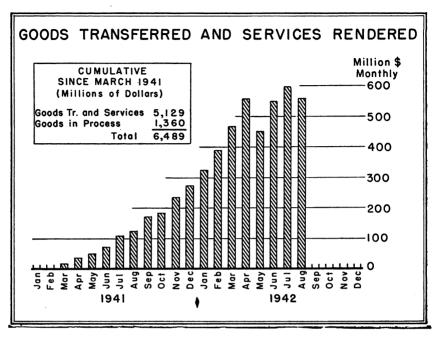
Thus, the total amount of lend-lease aid to the end of August was \$6,489,000,000. This compares with \$4,497,000,000 as reported in the Fifth Report to Congress, three months ago. Currently, aid is being provided at a rate of approximately \$8,000,000,000 per year.

# Goods Transferred

Goods transferred consist of (a), military items such as planes, tanks, guns, and ammunition; (b), industrial materials such as steel, petroleum products and machine tools; and (c), agricultural commodities, including principally foodstuffs. In August, military items comprised about 58 percent of total transfers, industrial materials 29 percent, and foodstuffs 13 percent.

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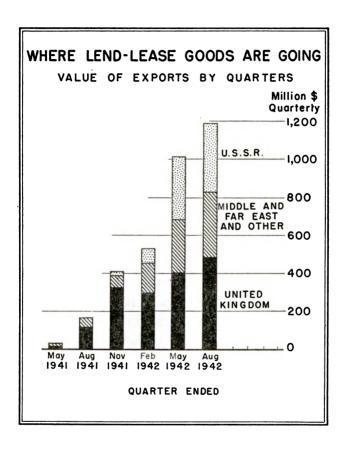
Of the goods transferred, approximately 90 percent have been exported and the remainder are at docks and warehouses awaiting export.



The portion of our total production of military items, industrial materials, and agricultural commodities that is transferred to lend-lease countries is determined by the expert military and civilian bodies in charge of the over-all war effort, not by the agencies charged with the immediate supervision of the lend-lease program. The most important consideration in this determination is the fact that the lend-lease program is an integral part of our over-all war effort. In deciding how much material is to go to United Nations, strategy officials must first determine the needs of the various fronts. The decision must then be made as to how the available material should be distributed in order to do the most harm to the enemy.

Lend-lease exports have gone wherever the needs have been greatest. At first, when the battle of Britain was raging, they went primarily to the United Kingdom. As the war spread to Africa, the Middle East, and Australia, aid was sent to those

areas. With the signing of the Russian protocol last October, aid began to flow to Russia. Aid to China has been limited by the difficulty of transportation, but the development of other means of transportation will relieve this situation. Currently, about 35 percent of lend-lease exports are going to United Kingdom, 35 percent to U. S. S. R., and 30 percent to the Middle East, Australia, and other areas.



# Services Rendered

Services rendered include principally the repair in this country of ships of United Nations, the shipping necessary to carry goods to lend-lease countries, new factory and ship-yard facilities built in the United States for the production of lend-lease goods, supply services performed in the base areas abroad, and the training in this country of United Nations air

forces. While the value of services rendered is not as great as the value of goods transferred, services are an important part of the lend-lease program and all parts contribute toward fighting the war. Goods cannot be used until they are transported to their destination and the repair of an aircraft carrier may be a service of greater importance than would be the furnishing of an equivalent value of tanks or guns.

### Goods in Process

In considering total lend-lease aid, the complete picture is not obtained without including the value of goods in process. This category represents the value of articles ready to be transferred or articles for use in the assembly of other articles which will shortly be transferred. The figure is not to be confused with the value of goods "on order," but represents completed work for which expenditures have been made.

The figure shown in this report for goods in process represents only the value of goods in process procured from lend-lease appropriations to the President. (See Appendix II.) Lend-lease goods in process procured from lend-lease appropriations to the Army and Navy are intermingled with similar goods procured for the Army's and Navy's own use. In the case of tanks, for example, the portion destined for lend-lease use is not determined until assignment of the finished articles by the Munitions Assignments Board. Thus, the value of goods in process understates substantially the value of goods ready or shortly to be ready for transfer to lend-lease countries.

# Lend-Lease Exports and Cash Purchases

Before the Lend-Lease Act was passed, the British and others of our allies had let contracts with American manufacturers for the production of planes, tanks, and other munitions of war. These orders, together with the lend-lease orders which followed, were largely responsible for the initial expansion of our war production facilities, without which the U. S. war program would not be as far along as it is today.

Not only has our war production been stimulated by the cash purchases of our allies, and by lend-lease orders, but

our own Army and Navy have been immeasurably helped by diversions to them of considerable of the material so financed.

The items called for by the original cash purchase orders of our allies are still coming off the assembly lines and are being exported side by side with items procured from lend-lease funds. Consequently, in considering the amount of weapons and materials obtained from the United States by our allies, we should consider not only the amount furnished under lend-lease but also the amount secured by direct purchase.

From March 1941 to the end of August 1942, the value of goods exported under lend-lease was \$3,525,000,000; in this same period the value of goods, including munitions, raw materials and other supplies, purchased by lend-lease countries was approximately \$5,800,000,000.

### Lend-Lease Countries

Under the provisions of the Lend-Lease Act of March 11, 1941, lend-lease aid may be provided to the government of any country whose defense the President deems vital to the defense of the United States. The list now includes the British Commonwealth of Nations and 35 other countries:

Argentina	Egypt	*Nicaragua
*Belgium	*El Salvador	*Norway
*Bolivia	*France (Fighting)	Panama
*Brazil	*Greece	*Paraguay
Chile	Guatemala	*Peru
*China	*Haiti	*Poland
*Colombia	*Honduras	Turkey
*Costa Rica	*Iceland	*U. S. S. R.
*Cuba	Iran	*Uruguay
*Czechoslovakia	Iraq	*Venezuela
*Dominican Republic	*Mexico	*Yugoslavia
*Ecuador	*Netherlands	•
**B	ritish Commonwealth of	Nations

<sup>\*</sup>Indicates countries with which Lend-Lease Agreements have been signed.

<sup>\*\*</sup>A Lend-Lease Agreement has been signed with the United Kingdom of Great Britain and Northern Ireland, the principles of which have been accepted by the governments of Australia and New Zealand.

# Chapter 2

# SPECIAL PROJECTS

Lend-lease aid to be effective must be delivered. In wartime deliveries must frequently be made under conditions of great difficulty, in inadequate harbors, without the aid of modern cargo-handling facilities. To facilitate such deliveries a program has been undertaken with lend-lease funds for the construction of various types of small craft, including harbor tugs, coasters and coastal tankers, small light-draft tow boats of specialized design, and a large number of small wood barges for use in shallow rivers.

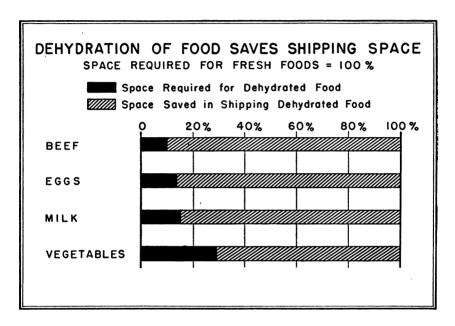
Some of these craft are already in service, others are now going into commission, and most of the remainder will be in service by summer of the coming year.

In addition, lend-lease funds have been used to finance the building and testing of a shallow-draft cargo vessel of novel design, originally known as the "Sea Otter." Experiments on small-sized models of this vessel were not conclusive. Accordingly, it was determined to build a full-sized vessel for further development, and lend-lease funds made this possible. Tests on this first full-sized ship brought to light defects which called for redesigning. In order that the possibilities of a vessel of this type might be fully explored, the Lend-Lease Administration continued its help by financing the construction of a second full-scale model of a modified design, known as the "Seamobile."

The development of this type of ship has been entrusted to a corporation, known as "Cargoes, Incorporated," under the control of a Board of Directors, on which the Navy Department, War Shipping Administration, War Department, War Production Board, and the Office of Lend-Lease Administration are represented. All the stock in this corporation is owned by the Government. Cargoes, Incorporated, has now completed the necessary tests and engineering for a full-scale

model of the Seamobile, and bids are being solicited for the construction of the vessel.

Lend-lease funds have also been used to save shipping space and refrigeration capacity by the development of dehydrated foodstuffs. Dehydrated foods not only withstand the rigors of wartime transportation but require much less cargo space than is necessary for other foods, as shown by the accompanying chart. Packaging has been improved and progress has



been made in selecting foods with a high ratio of nutritive value. The result is that, on the average, a thousand tons of food exported today are the equivalent in food value of nearly two thousand tons of food exported in the early days of the lend-lease program.

These various special projects have pointed the way to an important function which lend-lease funds can perform. War places a high premium on ingenuity. Within the Lend-Lease Act and with the use of lend-lease funds there is ample scope and opportunity for the testing and development of new ideas that may help to win the war.

# Chapter 3

#### LEND-I EASE AGREEMENTS

Ever since we began giving aid to our allies, our allies have been giving aid to us. On September 3, 1942, this informal pooling of resources was made formal in signed agreements with United Kingdom, Australia, New Zealand, and Fighting France.

With these agreements, the program of reciprocal aid to our forces enters upon a new phase.

The agreements rest on the simple principle that each participant provide the other with such articles, services, facilities, or information as each may be in a position to supply for the joint prosecution of the war. The rule to be followed in providing mutual aid is that the war production and war resources of each nation should be used by all United Nations' forces in ways which most effectively utilize the available materials, manpower, production facilities, and shipping space.

The agreements signed on September 3 carry forward the application of these principles in certain important ways. They specify, in the first instance, that while each participant retains the right of final decision with reference to its own war production and war resources, decisions as to the most effective use of resources shall, so far as possible, be made in common, pursuant to common plans for winning the war. In the second place, they provide, as to financing the provision of such aid, that the general rule to be applied is that as large a portion as possible of the articles and services which each participant may authorize to be provided to the other shall be in the form of reciprocal aid, so that the need of each for the currency of the other may be reduced to a minimum.

The agreements then go on to specify certain specific types of assistance which are being provided and will increasingly be provided for our armed forces abroad: Military equipment, munitions, and military and naval stores; supplies, materials, facilities, and services for the forces, except for the pay and allowance of such forces, administrative expenses, and such local purchases as may be made outside the usual channels. The construction of military projects, tasks, and other capital works will be facilitated under this program of reciprocal aid, both in the territories of the participants in the agreement, and wherever those territories are a more practicable source of supply than the United States or another of the United Nations.

The program of reciprocal lend-lease has become a very material and important aspect of our supply problem. It puts the idea of pooling all our resources for war in its most dynamic form. It is more than a gracious and much appreciated gesture of good will. Reciprocal aid represents the most economical use of the war resources of the United Nations. It means that we are husbanding time and transport to use resources where they are. It means, also, of course, that the peoples of Britain, Australia, and New Zealand, already on short rations, are freely sharing what they have with our troops.

Under reciprocal lend-lease General MacArthur's men are receiving munitions, uniforms, food, and shelter from the Australians. Similarly, United States forces are receiving aid from New Zealand. The Fighting French in Equatorial Africa and New Caledonia are furnishing us with materials, facilities, and services. In Great Britain we are receiving a formidable amount of munitions and supplies. Guns and camps, aircraft and military stores have been turned over to our troops. In July alone, a quarter of a million British workmen were engaged on construction for the American Army.

In the recent reciprocal-aid agreements, the governments of Australia and New Zealand announce that they regard the principles of the Lend-Lease Agreement with Great Britain, of February 23, 1942, as applicable also to their relations with

the United States. They thus become the eleventh and twelfth governments to adhere to the broad policies contained in the Master Agreements with Great Britain, the Soviet Union, and China. Since the Fifth Report to the Congress on operations under the Act of March 11, 1941, similar agreements have been signed with Poland, Belgium, the Netherlands, Greece, Czechoslovakia, Norway, and Yugoslavia.

The lend-lease principle also has been applied to relations between other United Nations. The United Kingdom, for instance, is so supplying military stores to the Soviet Union.

The last Lend-Lease Report to Congress set forth a principle for distributing the financial burden of the war among the United Nations in accordance with their ability to contribute to the common pool. The passage of the Lend-Lease Act meant that the dollar sign would not stand in the way of our aid to the other United Nations. The reciprocal aid agreements and the arrangements between the United Kingdom and the Soviet Union demonstrate that the lend-lease policy is becoming a model for assistance furnished by our allies.

### **APPENDICES**

# 

# Appendix I LEND-LEASE ACT

Further to promote the defense of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "An Act to Promote the Defense of the United States."

### Section 2.

As used in this Act-

(a) The term "defense article" means-

(1) Any weapon, munition, aircraft, vessel, or boat;

(2) Any machinery, facility, tool, material, or supply necessary for the manufacture, production, processing, repair, servicing, or operation of any article described in this subsection;

(3) Any component material or part of or equipment for any article described in this subsection;

(4) Any agricultural, industrial or other commodity or article for defense.

Such term "defense article" includes any article described in this subsection manufactured or procured pursuant to section 3, or to which the United States or any foreign government has or hereafter acquires title, possession, or control.

(b) The term "defense information" means any plan, specification, design, prototype, or information pertaining to any defense article.

### Section 3.

- (a) Notwithstanding the provisions of any other law, the President may, from time to time, when he deems it in the interest of national defense, authorize the Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government—
  - (1) To manufacture in arsenals, factories, and shipyards under their jurisdiction, or otherwise procure, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for the government of any country whose defense the President deems vital to the defense of the United States.

- (2) To sell, transfer title to, exchange, lease, lend, or otherwise dispose of, to any such government any defense article, but no defense article not manufactured or procured under paragraph (1) shall in any way be disposed of under this paragraph, except after consultation with the Chief of Staff of the Army or the Chief of Naval Operations of the Navy, or both. The value of defense articles disposed of in any way under authority of this paragraph, and procured from funds heretofore appropriated, shall not exceed \$1,300,000,000. The value of such defense articles shall be determined by the head of the department or agency concerned or such other department, agency or officer as shall be designated in the manner provided in the rules and regulations issued hereunder. Defense articles procured from funds hereafter appropriated to any department or agency of the Government, other than from funds authorized to be appropriated under this Act, shall not be disposed of in any way under authority of this paragraph except to the extent hereafter authorized by the Congress in the Acts appropriating such funds or otherwise.
- (3) To test, inspect, prove, repair, outfit, recondition, or otherwise to place in good working order, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress or both, any defense article for any such government, or to procure any or all such services by private contract.

(4) To communicate to any such government any defense information, pertaining to any defense article furnished to such government under paragraph (2) of this subsection.

(5) To release for export any defense article disposed of in any way under this subsection to any such government.

- (b) The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory.
- (c) After June 30, 1943, or after the passage of a concurrent resolution by the two Houses before June 30, 1943, which declares that the powers conferred by or pursuant to subsection (a) are no longer necessary to promote the defense of the United States, neither the President nor the head of any department or agency shall exercise any of the powers conferred by or pursuant to subsection (a); except that until July 1, 1946, any of such powers may be exercised to the extent necessary to carry out a contract or agreement with such a foreign government made before July 1, 1943, or before the passage of such concurrent resolution, whichever is the earlier.

(d) Nothing in this Act shall be construed to authorize or to permit the authorization of convoying vessels by naval vessels of the United States.

(e) Nothing in this Act shall be construed to authorize or to permit the authorization of the entry of any American vessel into a combat area in violation of section 3 of the Neutrality Act of 1939.

### Section 4.

All contracts or agreements made for the disposition of any defense article or defense information pursuant to section 3 shall contain a clause by which the foreign government undertakes that it will not, without the consent of the President, transfer title to or possession of such defense article or defense information by gift, sale, or otherwise, or permit its use by anyone not an officer, employee, or agent of such foreign government.

#### Section 5.

- (a) The Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government involved shall, when any such defense article or defense information is exported, immediately inform the department or agency designated by the President to administer section 6 of the Act of July 2, 1940 (54 Stat. 714), of the quantities, character, value, terms of disposition, and destination of the article and information so exported.
- (b) The President from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose. Reports provided for under this subsection shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

### Section 6.

- (a) There is hereby authorized to be appropriated from time to time, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to carry out the provisions and accomplish the purposes of this Act.
- (b) All money and all property which is converted into money received under section 3 from any government shall, with the approval of the Director of the Budget, revert to the respective appropriation or appropriations out of which funds were expended with respect to the defense article or defense information for which such consideration is received, and shall be available for expenditure for the purpose for which such expended funds were appropriated by law, during the fiscal year in which such funds are received and the ensuing fiscal year; but in no event shall any funds so received be available for expenditure after June 30, 1946.

### Section 7.

The Secretary of War, the Secretary of the Navy, and the head of the department or agency shall in all contracts or agreements for the disposition of any defense article or defense information fully protect the rights of all citizens of the United States who have patent rights in and to any such article or information which is hereby authorized to be disposed of and the payments collected for royalties on such patents shall be paid to the owners and holders of such patents.

### Section 8.

The Secretaries of War and of the Navy are hereby authorized to purchase or otherwise acquire arms, ammunition, and implements of war produced within the jurisdiction of any country to which section 3 is applicable, whenever the President deems such purchase or acquisition to be necessary in the interests of the defense of the United States.

### Section 9.

The President may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out any of the provisions of this Act; and he may exercise any power or authority conferred on him by this Act through such department, agency, or officer as he shall direct.

### Section 10.

Nothing in this Act shall be construed to change existing law relating to the use of the land and naval forces of the United States, except insofar as such use relates to the manufacture, procurement, and repair of defense articles, the communication of information and other noncombatant purposes enumerated in this Act.

#### Section 11.

If any provision of this Act or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances shall not be affected thereby.

Approved, March 11, 1941.

## Appendix II

# LEND-LEASE APPROPRIATIONS AND TRANSFER AUTHORIZATIONS

Of the total amount of lend-lease aid to date, approximately 90 percent has been provided from funds appropriated directly to the President for lend-lease purposes. The remainder has been provided by the War Department, Navy Department, and Maritime Commission from appropriations made to those agencies which contain provisions earmarking certain maximum amounts which can be used for lend-lease.

Detailed information on the maximum amount of lend-lease aid which can be provided by existing legislation is given in the following table.

Appropriations to the President

Appropriations to the resident	
First Lend-Lease Appropriation Act	\$7,000,000,000
Second Lend-Lease Appropriation Act	
Third Lend-Lease Appropriation (Fifth Supplement)	5,425,000,000
	\$18,410,000,000
Transfers Authorized from Other Appropriations	
War Department—Third Supplemental	\$2,000,000,000
War Department—Fourth Supplemental	4,000,000,000
War Department—Fifth Supplemental	11,250,000,000
War Department—Sixth Supplemental	2,220,000,000
War Department-Military Appropriation Act, 1943	12,700,000,000
Navy Department—Naval Approp. Act (Ships)	3,900,000,000
Navy Department—Naval Approp. Act (Articles)	2,500,000,000
Navy Department—Sixth Supplemental	18,000,000
Maritime Commission—First Supplemental	1,296,650,000
Maritime Commission—Fifth Suppl. (Approp. Funds)	1,500,000,000
Maritime Commission—Fifth Suppl. (Contr. Auth.)	2,350,000,000
Other Departments—Third Supplemental	800,000,000
	\$44,534,650,000
MAXIMUM AMOUNT OF AID THAT CAN BE PROVIDED	\$62,944,650,000

# Appendix III RECIPROCAL AID AGREEMENTS

Reciprocal-aid agreements with United Kingdom, Australia, New Zealand and Fighting France were concluded September 3, 1942, by the following exchanges of notes. The first three agreements were signed in Washington and the agreement with Fighting France was signed in London.

### Agreement with United Kingdom

The Honorable Cordell Hull,

Secretary of State, United States Department of State,

Washington, D. C.

Sir: In the United Nations declaration of January 1, 1942, the contracting governments pledged themselves to employ their full resources, military or economic, against those nations with which they are at war and in the Agreement of February 23, 1942, each contracting government undertook to provide the other with such articles, services, facilities or information useful in the prosecution of their common war undertaking as each may be in a position to supply. It is further the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland that the general principle to be followed in providing mutual aid as set forth in the said Agreement of February 23, 1942, is that the war production and the war resources of both Nations should be used by the armed forces of each and of the other United Nations in ways which most effectively utilize the available materials, manpower, production facilities and shipping space.

With a view, therefore, to supplementing Article 2 and Article 6 of the Agreement of February 23, 1942, between our two Governments for the provision of reciprocal aid, I have the honour to set forth below the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland of the principles and procedures applicable to the provision of aid by the Government of the United Kingdom of Great Britain and Northern Ireland to the armed forces of the United States and the manner in which such aid will be correlated with the maintenance of those forces

by the United States Government.

1. While each Government retains the right of final decision, in the light of its own potentialities and responsibilities, decisions as to the most effective use of resources shall, so far as possible, be made in common, pursuant to common plans for winning the war.

2. As to financing the provision of such aid, within the fields mentioned below, it is the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland that the general principle to be applied, to the point at which the common war effort is most effective, is

that as large a portion as possible of the articles and services which each Government may authorize to be provided to the other shall be in the form of reciprocal aid so that the need of each Government for the currency of the other may be reduced to a minimum.

It is accordingly the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland that the United States Government will provide, in accordance with the provisions of, and to the extent authorized under, the Act of March 11, 1941, the share of its war production made available to the United Kingdom. The Government of the United Kingdom will provide on the same terms and as reciprocal aid so much of its war production made available to the United States as it authorizes in accordance with the Agreement of February 23, 1942.

3. The Government of the United Kingdom will provide the United States or its armed forces with the following types of assistance as such reciprocal aid, when it is found that they can most effectively be procured in the United Kingdom or in the British Colonial Empire:

(a) Military equipment, munitions and military and naval stores.

(b) Other supplies, materials, facilities and services for the United States forces, except for the pay and allowances of such forces, administrative expenses, and such local purchases as its official establishments may make other than through the official establishments of the Government of the United Kingdom as specified in paragraph 4.

(c) Supplies, materials and services needed in the construction of military projects, tasks and similar capital works required for the common war effort in the United Kingdom or in the British Colonial Empire, except for the wages and salaries of United States citizens.

- (d) Supplies, materials and services needed in the construction of such military projects, tasks and capital works in territory other than the United Kingdom or the British Colonial Empire or territory of the United States to the extent that the United Kingdom or the British Colonial Empire is a more practicable source of supply than the United States or another of the United Nations.
- 4. The practical application of the principles formulated in this note, including the procedure by which requests for aid by either Government are made and acted upon, shall be worked out as occasion may require by agreement between the two Governments, acting when possible through their appropriate military or civilian administrative authorities. Requests by the United States Government for such aid will be presented by duly authorized authorities of the United States to official agencies of the United Kingdom which will be designated or established in London and in the areas where United States forces are located for the purpose of facilitating the provision of reciprocal aid.
- 5. It is the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland that all such aid, as well as other aid, including information, received under Article 6 of the Agreement of February 23, 1942, accepted by the President of the United States or his authorized representatives from the Government of the United Kingdom will be received as a benefit to the United States under the Act of March 11, 1941.

Insofar as circumstances will permit, appropriate record of aid received under this arrangement, except for miscellaneous facilities and services, will be kept by each Government.

If the Government of the United States concurs in the foregoing, I would suggest that the present note and your reply to that effect be regarded as placing on record the understanding of our two Governments in this matter.

I have the honour to be, with the highest consideration, Sir, your most

obedient, humble servant,

HALIFAX.

His Excellency the Right Honorable The Viscount Hallfax, K. G., British Ambassador.

EXCELLENCY: I have the honor to acknowledge the receipt of Your Excellency's note of today's date concerning the principles and procedures applicable to the provision of aid by the Government of the United Kingdom of Great Britain and Northern Ireland to the armed forces of the United States of America.

In reply I wish to inform you that the Government of the United States agrees with the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland as expressed in that note. In accordance with the suggestion contained therein, your note and this reply will be regarded as placing on record the understanding between our two Governments in this matter.

This further integration and strengthening of our common war effort gives me great satisfaction.

Accept, Sir, the renewed assurances of my highest consideration.

Cordell Hull,

Secretary of State of the United States of America.

# Agreement with Australia

The Honorable Cordell Hull, Secretary of State, Washington, D. C.

Sir: As contracting parties to the United Nations Declaration of January 1, 1942, the Governments of the United States of America and the Commonwealth of Australia pledged themselves to employ their full resources, military and economic, against those nations with which they are at war.

With regard to the arrangements for mutual aid between our two governments, I refer to the agreement signed at Washington on February 23, 1942, between the Governments of the United States of America and the United Kingdom on principles applying to mutual aid in the present war authorized and provided for by the Act of Congress of March 11, 1941, and have the honour to inform you that the Government of the Commonwealth of Australia accepts the principles therein contained as governing the provision of mutual aid between itself and the Government of the United States of America.

It is the understanding of the Government of the Commonwealth of Australia that the general principle to be followed in providing such aid is that the war production and war resources of both nations should be used by the armed forces of each, in the ways which most effectively utilize available materials, manpower, production facilities and shipping space.

I now set forth the understanding of the Government of the Common-wealth of Australia of the principles and procedure applicable to the provision of aid by the Government of the Commonwealth of Australia to the armed forces of the United States and the manner in which such aid will be correlated with the maintenance of those forces by the United States Government.

1. While each Government retains the right of final decision, in the light of its own potentialities and responsibilities, decisions as to the most effective use of resources shall, so far as possible, be made in common,

pursuant to common plans for winning the war.

2. As to financing the provision of such aid, within the fields mentioned below, it is my understanding that the general principles to be applied to the point at which the common war effort is most effective, is that as large a portion as possible of the articles and services which each Government may authorize to be provided to the other shall be in the form of reciprocal aid so that the need of each Government for the currency of the other may be reduced to a minimum.

It is accordingly my understanding that the United States Government will provide, in accordance with the provisions of, and to the extent authorized under, the Act of March 11, 1941, the share of its war production made available to Australia. The Government of Australia will provide on the same terms and as reciprocal aid so much of its war production made available to the United States as it authorizes in accordance with the principles enunciated in this note.

3. The Government of Australia will provide as reciprocal aid the following types of assistance to the armed forces of the United States in Australia or its territories and in such other cases as may be determined by common agreement in the light of the development of the war:

(a) Military equipment, ammunition and military and naval stores.

(b) Other supplies, material, facilities and services for the United States forces except for the pay and allowances of such forces, administrative expenses, and such local purchases as its official establishments may make other than through the official establishments of the Australian Government as specified in paragraph 4.

(c) Supplies, materials and services needed in the construction of military projects, tasks and similar capital works required for the common war effort in Australia and in such other places as may be determined, except

for the wages and salaries of United States citizens.

4. The practical application of the principles formulated in this note, including the procedure by which requests for aid by either Government are made and acted upon, shall be worked out as occasion may require by agreement between the two Governments, acting when possible through their appropriate military or civilian administrative authorities. Requests

by the United States Government for such aid will be presented by duly authorized authorities of the United States to official agencies of the Commonwealth of Australia which will be designated or established in Canberra and in the areas where United States forces are located for the purpose of facilitating the provision of reciprocal aid.

5. It is my understanding that all such aid accepted by the President of the United States or his authorized representatives from the Government of Australia will be received as a benefit to the United States under the Act of March 11, 1941. Insofar as circumstances will permit appropriate record of aid received under this arrangement, except for miscellaneous facilities and services, will be kept by each Government.

If the Government of the United States concurs in the foregoing, I would suggest that the present note and your reply to that effect be regarded as placing on record the understanding of our two Governments in this

matter.

I have the honor to be with the highest consideration, Sir, your obedient servant,

OWEN DIXON.

The Honorable Sir Owen Dixon, K. C. M. G.,

Minister of Australia.

SIR: I have the honor to acknowledge receipt of your note of today's date concerning the principles and procedures applicable to the provision of aid by the Government of the Commonwealth of Australia to the armed forces of the United States of America.

In reply I have the honor to inform you that the Government of the United States of America likewise accepts the principles contained in the agreement of February 23, 1942, between it and the Government of the United Kingdom as governing the provision of mutual aid between the Governments of the United States and of the Commonwealth of Australia. My Government agrees with the understanding of the Government of the Commonwealth of Australia as expressed in your note of today's date, and, in accordance with the suggestion contained therein, your note and this reply will be regarded as placing on record the understanding between our two Governments in this matter.

This further integration and strengthening of our common war effort gives me great satisfaction.

Accept, Sir, the renewed assurances of my highest consideration.

Cordell Hull,
Secretary of State of the United States of America.

### Agreement with New Zealand

The Honorable Cordell Hull,

Secretary of State,

United States Department of State,

Washington, D. C.

SIR: As contracting parties to the United Nations Declaration of January 1, 1942, the Governments of the United States of America and New Zealand pledged themselves to employ their full resources, military and economic, against those nations with which they are at war.

In the Agreement of February 23, 1942, between the Governments of the United Kingdom and of the United States of America, the provisions and principles of which the Government of New Zealand considers applicable to its relations with the Government of the United States, each contracting Government undertook to provide the other with such articles, services, facilities, or information useful in the prosecution of their common war undertaking as each may be in a position to supply.

It is the understanding of the Government of New Zealand that the general principle to be followed in providing such aid is that the war production and war resources of both nations should be used by each, in the ways which most effectively utilize available materials, manpower, pro-

duction facilities and shipping space.

I now set forth the understanding of the Government of New Zealand of the principles and procedure applicable to the provision of aid by the Government of New Zealand to the armed forces of the United States and the manner in which such aid will be correlated with the maintenance of those forces by the United States Government.

1. While each Government retains the right of final decision, in the light of its own potentialities and responsibilities, decisions as to the most effective use of resources shall, so far as possible, be made in common, pursuant to common plans for winning the war.

2. As to financing the provision of such aid, within the fields mentioned below, it is my understanding that the general principle to be applied, to the point at which the common war effort is most effective, is that as large a portion as possible of the articles and services to be provided by each Government to the other shall be in the form of reciprocal aid so that the need of each Government for the currency of the other may be reduced to a minimum.

It is accordingly my understanding that the United States Government will provide, in accordance with the provisions of, and to the extent authorized under, the Act of March 11, 1941, the share of its production made available to New Zealand. The Government of New Zealand will provide on the same terms and as reciprocal aid so much of its production made available to the United States as it authorizes in accordance with the principles enunciated in this note.

3. The Government of New Zealand will provide the United States or its armed forces with the following types of assistance, as such reciprocal aid, when it is found that they can most effectively be procured in New Zealand.

(a) Military equipment, munitions and military and naval stores.

(b) Other supplies, materials, facilities and services for the United States forces, except for the pay and allowance of such forces, administrative expenses, and such local purchases as its official establishments may make other than through the official establishments of the Government of New Zealand as specified in Paragraph 4.

(c) Supplies, materials and services needed in the construction of military projects, tasks and similar capital works required for the common war effort in New Zealand, except for the wages and salaries of United States

citizens.

- (d) Supplies, materials, and services needed in the construction of such military projects, tasks, and capital works in territory other than New Zealand or territory of the United States to the extent that New Zealand is a more practicable source of supply than the United States or another of the United Nations.
- 4. The practical application of the principles formulated in this note, including the procedure by which requests for aid by either Government are made and acted upon, shall be worked out as occasion may require by agreement between the two Governments, acting when possible through their appropriate military or civilian administrative authorities.
- 5. It is my understanding that all such aid accepted by the President of the United States or his authorized representatives from the Government of New Zealand will be received as a benefit to the United States under the Act of March 11, 1941. Insofar as circumstances will permit, appropriate record of aid received under this arrangement, except for miscellaneous facilities and services, will be kept by each Government.

If the Government of the United States concurs in the foregoing, I would suggest that the present note and your reply to that effect be regarded as placing on record the understanding of our two Governments in this

matter.

I have the honour to be, Sir, Your obedient servant,

WALTER NASH,
Minister of New Zealand.

The Honorable Walter Nash,

Minister of New Zealand.

Sir: I have the honor to acknowledge receipt of your note of today's date concerning the principles and procedures applicable to the provision of aid by the Government of New Zealand to the armed forces of the United States of America.

In reply I have the honor to inform you that the Government of the United States of America likewise considers the provisions and principles contained in the agreement of February 23, 1942, between it and the Government of the United Kingdom as applicable to its relations with the Government.

ernment of New Zealand. My Government agrees with the understanding of the Government of New Zealand as expressed in your note of today's date, and, in accordance with the suggestion contained therein, your note and this reply will be regarded as placing on record the understanding between our two Governments in this matter.

This further integration and strengthening of our common war effort gives me great satisfaction.

Accept, Sir, the renewed assurances of my highest consideration.

CORDELL HULL,
Secretary of State of the United States of America.

## Agreement with French National Committee

Text of Note to General Dahlquist from French National Committee

The French National Committee sets forth below its understanding of the principles governing the provision of reciprocal aid by the United States of America to Fighting France and by Fighting France to the United States:

1. The United States of America will continue to supply Fighting France with such defense articles, defense services, and defense information as the President shall authorize to be transferred or provided.

2. Fighting France will continue to contribute to the defense of the United States of America and the strengthening thereof and will provide such articles, services, facilities, or information as it may be in a position

to supply.

3. The fundamental principle to be followed in providing such aid is that the war production and war resources of Fighting France and of the United States of America should be used by the armed forces of each in the ways which most effectively utilize available materials, manpower, production facilities, and shipping space. While each retains the right of final decision, in the light of its own potentialities and responsibilities, decisions as to the most effective use of resources shall, so far as possible, be made in common, pursuant to common plans for winning the war.

4. As to financing the provision of such aid, within the fields mentioned below, it is the Committee's understanding that the general principle to be applied, to the point at which the common war effort is most effective, is that as large a portion as possible of the articles and services to be pro-

vided by each to the other shall be in the form of reciprocal aid.

It is accordingly the Committee's understanding that the United States Government will provide, in accordance with the provisions of, and to the extent authorized under, the Act of March 11, 1941, the share of its war production made available to Fighting France. Fighting France will provide on the same terms and as reciprocal aid so much of its war production made available to the United States as it authorizes in accordance with the principles enunciated in this note.

5. Within the territories under the control of Fighting France, or within the same theater of operations, the National Committee will provide the United States or its armed forces with the following types of assistance, as

such reciprocal aid, when it is found that they can most effectively be procured in territory under the control of Fighting France:

(a) Military equipment, munitions, and military and naval stores.

(b) Other supplies, materials, facilities, and services for the United States forces, except for the pay and allowances of such forces, administrative expenses, and such local purchases as its official establishments may make other than through the official establishments of Fighting France as specified in paragraph 6.

- (c) Supplies, materials, and services, except for the wages and salaries of United States citizens, needed in the construction of military projects, tasks, and similar capital works required for the common war effort in territory under the control of Fighting France, or in the same theater of operations, to the extent that such territory is the most practicable source of supply.
- 6. The practical application of the principles formulated in this note, including the procedure by which requests for aid are made and acted upon, shall be worked out by agreement as occasion may require through the appropriate military or civilian administrative authorities. Requests by the United States forces for such aid will be presented by their duly authorized authorities to official agencies of Fighting France which will be designated or established in the areas where United States forces are located for the purpose of facilitating the provision of reciprocal aid.
- 7. It is the Committee's understanding that all such aid accepted by the President of the United States of his authorized representatives from Fighting France will be received as a benefit to the United States under the Act of March 11, 1941. Insofar as circumstances will permit, appropriate record of aid received under this arrangement, except for miscellaneous facilities and services, will be kept by each.

If the Government of the United States concurs in the foregoing, the present note and a reply to that effect will be regarded as placing on record the understanding in this matter.

### Text of Note to French National Committee from General Dahlquist

The Government of the United States of America agrees with the understanding of the National Committee, as expressed in the English text of the Committee's note of today's date, concerning the principles and procedures applicable to the provision of aid by Fighting France to the armed forces of the United States of America and, in accordance with the suggestion contained therein, that note and this reply will be regarded as placing on record the understanding in this matter.

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# SEVENTH REPORT TO CONGRESS ON LEND-LEASE OPERATIONS

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For the Period Ended December 11, 1942

# SEVENTH REPORT TO CONGRESS ON LEND-LEASE OPERATIONS

For the Period Ended December 11, 1942

"The President from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose."

[From Section 5, subsection b of "An Act to Promote the Defense of the United States" (Public Law No. 11, 77th Congress, 1st Session).]

# **CONTENTS**

	hapter	Page
	President's Letter of Transmittal	. 5
•	1. Lend-Lease Progress	. 7
	2. U. S. Production and the United Nations	. 15
	3. The African Offensives	. 21
	4. Liberated Areas	. 24
, in	Appendix	
3	I. Lend-Lease Act	. 26
25	II. Lend-Lease Appropriations and Authorizations	. <b>3</b> 0
61 1	III. Status of Nations	. <b>3</b> 0
7.7	IV. Declaration by United Nations	. 32
je.	V. British Master Agreement	. 33
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### PRESIDENT'S LETTER OF TRANSMITTAL

To The Congress of the United States of America:

I am transmitting herewith the seventh quarterly report on operations under the Lend-Lease Act.

Since the last report, the war has entered a new phase. United Nations' forces attacking from Egypt and North Africa are contesting with the Axis for control of the African coast line of the Mediterranean. The Soviet Army, having held with stubborn bravery at Stalingrad, has now assumed the offensive. The Japanese have been recklessly expending ships and men in the Solomons, a battleground of our own choosing.

The Axis Powers have, temporarily at least, lost the initiative. We must do all we can to keep them from regaining it.

We must bring the full strength of all the United Nations to bear directly against the enemy. We must bring together our joint productive capacity and our material resources, our finished munitions and our fighting manpower; and we must do this in accordance with a single world strategy. That we are making good progress in this direction I think is shown by recent developments, and by this report on the part played by lend-lease.

We also have another task, which will grow in magnitude as our striking power grows, and as new territories are liberated from the enemy's crushing grip. That task is to supply medicines, food, clothing, and other dire needs of those peoples who have been plundered, despoiled and starved.

The Nazis and Japanese have butchered innocent men and women in a campaign of organized terror. They have stripped the lands they hold of food and other resources. They have used hunger as an instrument of the slavery they seek to impose.

Our policy is the direct opposite. United Nations' forces will bring food for the starving and medicine for the sick. Every aid possible will be given to restore each of the liberated countries to soundness and strength, so that each may make its full contribution to United Nations' victory, and to the peace which follows.

FRANKLIN D. ROOSEVELT.

The White House, December 11, 1942.

## Chapter 1

### LEND-LEASE PROGRESS

Lend-lease assistance to our allies in the past three months totaled \$2,367,000,000. This is more than a third higher than the figure for the previous quarter, and four times the total for the three months immediately preceding our entrance into the war a year ago.

At the same time, the United States has equipped and supplied rapidly growing numbers of American forces overseas, who will number more than 1,000,000 by the end of this month. And, in combination with the British, we launched the North African offensive, which involved the greatest single overseas expeditionary force in history.

We have used the rapidly rising output of American factories both to equip our own forces and to send more to the other peoples who fight our enemies. But there is still not enough. Many more American ships, planes, tanks, and guns will be required before the United Nations can wage the great offensives that will bring victory. Meanwhile, within the limits of available production, we have sought to carry out the strategic principle embodied in the lend-lease idea: This is one war; it can be won only by all the United Nations together, combining their resources in such a way as to meet the enemy with the maximum force at the chosen times and places.

### Total Lend-Lease Aid

From the beginning of the lend-lease program on March 11, 1941, to November 30, 1942, the dollar value of goods transferred and services rendered is \$7,496,000,000. This compares with \$5,129,000,000 reported in the Sixth Report to Congress three months ago.

For the 12 months ending November 30, the first year of our participation in the war, lend-lease aid totaled \$6,526,000,000. The current rate of assistance is approximately \$10,000,000,000 annually. This is about 15 percent of the current rate of spending on the over-all United States war program. Thus, we are now putting about one-seventh of our total effort into lend-lease aid to the other United Nations. Monthly lend-lease aid is shown in Chart 1.

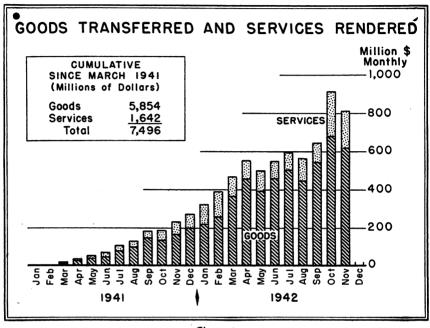


Chart 1

### Goods Transferred

Goods transferred total \$5,854,000,000; this constitutes 78 percent of total lend-lease aid. Transfers fall into three categories: (a) military items such as planes, tanks, ships, guns and ammunition; (b) industrial items such as steel, petroleum products, machinery and machine tools; (c) foodstuffs and other agricultural products.

In the past, transfers have generally been made to lend-lease countries before goods were loaded aboard ship. Consequently not all goods recorded as transferred have actually been exported. About 10 percent is still in this country awaiting shipment. Starting December 1st, transfers are being

recorded as the goods are loaded and the figures for goods transferred will hereafter approximate lend-lease exports.

Chart 2 shows the monthly value of lend-lease goods exported, by category. Exports of military items have risen much more rapidly than exports of non-military items. For the month of September 1941 total lend-lease exports were

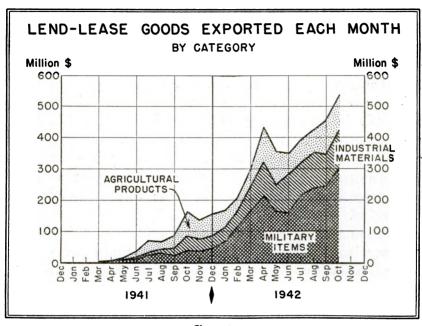


Chart 2

\$85,000,000. Only 25 percent of that amount was for arms, the balance consisting of foodstuffs and industrial materials. For the month of October 1942 (the last month for which export figures are available) lend-lease exports were \$537,000,000, of which military items comprised 56 percent.

While total monthly lend-lease exports increased over six times, lend-lease exports of military items increased fourteen times. Although the percentages of food and industrial materials to total exports have declined, the actual amounts shipped increased greatly as shown in Chart 2.

The export figures do not include the great quantities of supplies sent to our forces abroad.

### Services Rendered

Services rendered total \$1,642,000,000; this constitutes about one-fifth of total lend-lease aid. In terms of making our aid effective, the relative importance of these services is considerably greater than the dollar amount indicates.

Lend-lease supplies are of no use to our allies until they reach the places where they are needed. About 50 percent of expenditures for services is for shipping and supply services—mostly for the rental and charter of ships to carry the goods, and the balance for the development and operation of air ferry routes and supply bases abroad.

We have supply lines extending over many thousands of miles of submarine-infested oceans, and across jungles, deserts and hitherto inaccessible mountain ranges. We have to go around to the far places, where transport facilities are generally primitive. Lend-lease has played a large part in keeping these lines open and in increasing the volume of shipments over them.

At the receiving ends of many of these routes, it has been necessary to develop harbors, build and equip docks, warehouses, assembly plants, and supply depots. Camel trails have been made over into truck highways and railroad facilities have been either created or enlarged. Scores of newly developed airfields are way-stations on the bomber-ferry routes. American participation with the Russians, the British, and other allies in this development program has been carried out in important measure through lend-lease.

Another 15 percent of the funds spent for services has been used to repair in our yards hundreds of allied merchant and naval vessels damaged by enemy action. Similar repair services are being rendered for damaged American warships and merchant vessels abroad, under reciprocal lend-lease.

The balance of 35 percent of services rendered represents expenditures for production facilities—factories and ship-yards—built in the United States to manufacture certain types of lend-lease articles.

# Where Lend-Lease Supplies Are Going

Chart 3 shows exports of lend-lease goods by area of destination. In October 1942 approximately 40 percent of lend-lease exports went to the United Kingdom, 39 percent to the Middle and Far East and other areas, and 21 percent to U. S. S. R.

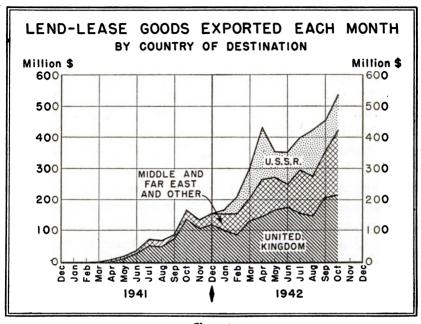


Chart 3

The chart also shows the higher proportion of lend-lease shipments to the Middle and Far East and U. S. S. R. during 1942. Since January 1942, monthly exports to the United Kingdom and to the Middle and Far East have more than doubled. October shipments to U. S. S. R. were nine times those in January, when goods were first exported to Russia under lend-lease (as distinct from direct purchase exports).

Part of the military equipment exported to the United Kingdom has been sent by the British to U. S. S. R., Egypt, India and other areas of the Middle East. In addition, Great Britain has sent a major share of its own production of war supplies to these fronts.

The United States and Great Britain have between them shipped (not delivered) to U. S. S. R. during the past year, over

the northern route alone, more than 3,000 planes, more than 4,000 tanks, more than 30,000 trucks, jeeps and other vehicles and hundreds of thousands of tons of food, industrial raw materials, medical supplies and other products. Not all of these supplies have arrived. Convoys over the North Atlantic route have been subjected to heavy punishment by Nazi air, surface and undersea raiders.

Shipments by the southern route to the Red Sea-Persian Gulf area have had to travel ocean distances of 10,000 to 13,000 miles and there are long additional overland distances to be covered before our supplies reach bases and front lines in the U. S. S. R. In the Red Sea-Persian Gulf area, ports, unloading and assembly facilities, roads and railroads were either inadequate or non-existent. They have been greatly improved with the aid of lend-lease funds.

Supplies aggregating nearly 2,500,000 tons have been shipped over all routes from the United States to U. S. S. R. in the past year under lend-lease and direct purchase. Although transportation to U. S. S. R. continues to present extraordinary difficulties, we are succeeding in delivering the great majority of our shipments.

The part played in the Egyptian campaign by the increased lend-lease exports to that area is described in Chapter 3. In addition, considerable shipments have gone to India and other strategic points in the Middle East, to Australia and New Zealand.

Lend-lease exports to China have always been limited by a transportation bottleneck that was made still tighter when the Japanese took Burma. Until that time, we were able to move a thin but steady stream of supplies over the Burma Road. With lend-lease funds we had considerably increased the capacity of the road, supplied thousands of trucks, and assisted China in building a railroad which would have provided, when completed, a supplementary supply line from Lashio to Kunming.

Since the loss of Burma, air transport across the Himalayas from India has been the only direct means of bringing lend-

lease supplies into China. United States Army and China National Airways cargo planes are plying this dangerous route regularly but the quantities they have been able to carry so far have been small. We shall find ways to send more.

### Lend-Lease Exports and Direct Cash Purchases

In addition to lend-lease aid, the United States has supplied the other United Nations with weapons and other materials

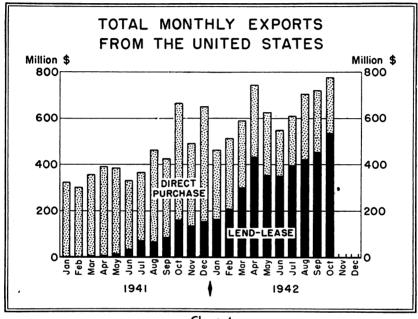


Chart 4

purchased by them for cash, just as they have supplied us, both by direct purchase and reciprocal lend-lease.

From the point of view of effective pooling of United States resources with those of other United Nations, the distinction between lend-lease and cash exports has little significance. For in the winning of the war, what counts is that our supplies—by whatever method they are provided—reach the hands of those who need them in order to fight our enemies. This is equally true of the supplies we receive from our allies.

From March 1941 through October 1942, cash purchase exports to our allies totaled \$6,450,000,000, compared to lend-lease exports of \$4,685,000,000. The proportion of lend-lease

exports to total U. S. exports has risen from 1 percent in March 1941 to 70 percent in October 1942 as shown by Chart 4.

### Other Forms of Aid

The entire story of the aid rendered by the United Nations to one another cannot be told in statistical terms alone. It would be impossible to attempt a mathematical appraisal of many of the respective contributions of the allied nations or to evaluate the role each is playing in encompassing the defeat of the Axis. The principle followed is one of mutual assistance in waging a coalition war.

Our own contribution is of course not limited to the proportion of the output of our farms and workshops which is exported to our allies. American troops fight side by side with those of the other United Nations; our navies engage in joint as well as independent operations. Supplies, equipment, and ammunition are fully shared on the battlefield. An American tanker, during combat, will service any allied destroyer requiring fuel. Our aircraft carriers have brought sorely needed planes to posts exclusively manned by our allies. We have assumed the responsibility for defending some of the distant outposts of the world to relieve veteran allied troops for more active theaters. We have been the recipient of similar aid from our allies. The United Nations are not engaged in a series of separate wars; ours is a joint enterprise with one goal.

Note.—Previous reports have carried figures for lend-lease "goods in process." These were expenditures made for completed equipment that had not yet been transferred and for equipment still in process of manufacture. In the Sixth Report to Congress the dollar volume of such goods was estimated at \$1,360,000,000. This figure, however, included only expenditures made from lend-lease funds appropriated directly to the President. It did not include expenditures made by the War and Navy Departments from funds appropriated to them. Military items procured by these departments are not generally separated as between those for our own forces and those for lend-lease purposes until manufacture is completed and final assignments are made by the Combined Munitions Assignments Board. This Board assigns all military items produced in the United States. It is therefore impossible to determine with any degree of accuracy the lend-lease proportion of expenditures made on goods in process by the War and Navy Departments. Since any figure on lend-lease goods in process which does not include these amounts fails to give a complete picture of such expenditures, the category of goods in process will no longer be included in these reports.

## Chapter 2

### U. S. PRODUCTION AND THE UNITED NATIONS

## Combining United Nations Resources

All available resources of the United Nations are dedicated to the common end of winning the war. It is in the joint interest of the United Nations to equip and supply all their armed forces, to maintain the flow of industrial materials to war factories everywhere, and to meet the essential war-time civilian needs of all anti-Axis peoples. In this task they are, within the limits of their resources, supplying both their own needs and the needs of each other.

We are dependent upon each other in many ways. Although the United States has the greatest resources for the production of war materials and civilian supplies, many of our own vital requirements are being obtained by purchase from our allies. Certain raw materials, essential to making planes and tanks, come from many parts of the British Empire, Latin America and other United Nations. For example, ninety-five percent of our nickel comes from Canada and our mica from India and Brazil. We are still getting precious supplies of tungsten from China.

Our troops overseas are receiving many important supplies and services from Great Britain, India, Australia, New Zealand, and Fighting France under reciprocal lend-lease.

Up to six months ago, Great Britain and Russia were producing more arms than we were. Great Britain has supplied the larger part of its own needs and has furnished quantities of certain types of equipment to the fighting forces of Russia and of the governments in exile. Great Britain has also provided most of the merchant ships and transports which carry United Nations supplies and troops overseas.

Plainly Russia is able to send few supplies to its allies, but the greatest land fighting of the war has been carried on for two years principally with Russian equipment. Russian planes and bombs and tanks have destroyed many times the number of enemy troops killed in all the other war theatres combined.

Our principal allies have reached the maximum rate of their war production. American war production—already the greatest in the world—will rise much higher still before reaching its peak. Supplies from the United States have had an important part in the war effort of the United Nations. From now on, our production will play an increasingly decisive role. But only by a vast increase in our output can we obtain the overwhelming superiority over the Axis which is needed for victory.

### Distribution of American Production

Most of our production is used to supply our own armed forces and civilian population. The proportion of war weapons that goes to our Army and Navy and the proportion that goes to our allies is determined by the strategic decisions of global warfare. United Nations war production strategy determines how much we should send abroad of our supply of industrial materials. The food we produce—and food is a weapon of war—is allocated to meet the needs of American armed forces and civilians, and, so far as possible, the essential food requirements of our allies.

# Military Supplies

About 15 percent of our present total production of military items is being exported to the other United Nations under lend-lease and direct purchase. These items include ordnance, ammunition, aircraft, tanks, motor vehicles, and spare parts, but do not include merchant and naval vessels.

The proportion of some combat weapons going to our allies is considerably higher than the over-all average. Thus, we are sending them about 30 percent of our production of combat planes and 35 percent of our production of tanks. On the

other hand, there are many articles which we make entirely for our own forces.

Although exports of military items have greatly increased during the past year, our rate of munitions production has increased still more rapidly. Consequently, a smaller percentage of our total military output is now being exported. Chart 5 shows how the percentage of exports has declined from 30

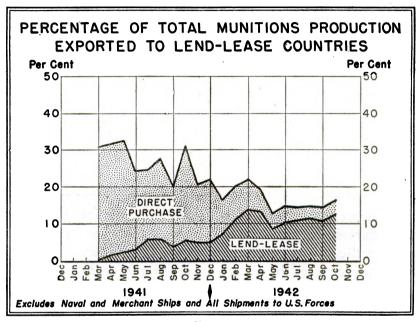


Chart 5

percent of total output in March 1941 to approximately 15 percent in the past five months.

A large part of the munitions retained for our own forces has been transported with our troops to bases abroad for use in recent campaigns and in battles now being waged. These shipments are not included in the export figures in Chart 5.

### Industrial Materials

The United States is exporting industrial materials to our allies, particularly the United Kingdom, Canada and Russia. The quantities which we send them are necessary to maintain

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their production of weapons and ships, but are relatively small in relation to our own total production of these materials.

The following percentages show the relationship of our lendlease and direct purchase exports of the more important materials to total United States new supply of the indicated industrial materials during the first six months of this year:

EXPORTS IN PERCENT OF U. S. NEW SUPPLY

First 6 Months of 1949

	Percent		Percent
Aluminum	2.7	Petroleum Products	5.3
Copper	12. <b>2</b>	Steel	11.0
Cotton	5 <b>.0</b>	Tin	1.2
Nickel	3.5	Zinc	16.1

These are percentages of United States production plus imports during the period. If our stock piles were taken into account the export percentages would be smaller.

The percentages shown are for exports of these materials in a form ready for use in the production of war equipment. Thus in the case of steel, exports were 11 percent of our total new supply of shapes, plates, bars, sheets, etc. They were considerably less than 11 percent of our new supply of steel in the form of ingots. On the other hand, the export percentages do not include the steel and other materials in finished products such as tanks and guns.

### Foodstuffs

United States exports of food, nearly all of which are under lend-lease, have been particularly important to the United Kingdom and to Russia. Yet our exports have been small in relation both to their total food supply and to ours. The United Kingdom, for example, now produces about 60 percent of its own food as the result of an intensive three-year farm program, and the major share of its food imports comes from sources

other than the United States. Nevertheless, the part of Great Britain's food that comes from the United States has meant the difference between enough to sustain the British people's intensive war effort and too little with which to carry on. Likewise, American food supplies are saving thousands from starvation in Russia and the Middle East.

The following percentages show the relationship of exports to the total United States supply of important foodstuffs for the year ended June 30, 1942:

# EXPORTS IN PERCENT OF SUPPLY

Y	'ear	Ende	d J	une	30,	1942
---	------	------	-----	-----	-----	------

	Percent		Percent
Beef and Veal	0.5	All Milk Products (ex-	
Lamb and Mutton	0.0	pressed in terms of fluid milk equivalent).	3.9
Pork	13.0	Corn and Corn Products	0.5
Canned Fish	21.0	Wheat and Wheat Prod-	
Eggs	8.1	ucts	1.0
Cheese	23.1	Sugar	1.0

Of the five meats now under voluntary rationing, we have retained for our own armed forces and civilians more than 99 percent of all but pork, in which case the percentage retained is 87 percent. And pork production has increased enough to cover our exports and still leave a normal supply for our own uses. Civilian shortages of these meats are due primarily to the needs of our soldiers and sailors and to increased civilian consumption.

We have exported under lend-lease 1,263,882,000 pounds of evaporated milk, powdered milk and cheese. However, in terms of fluid milk equivalent, this is approximately 4 percent of our record-breaking milk supply. All the rest is going to United States armed forces and civilians. Our exports provide two out of every five ounces of the cheese which Britons eat

and almost all their powdered milk. Dried skim milk is rationed at the rate of one ounce a week and supplements the often slim British fluid milk ration (now 2½ pints per week per adult).

Of our total egg production, we have retained 92 percent for our own needs. Our exports have been almost entirely in the form of dried eggs in order to save shipping space. The English ration of dried eggs, nearly all of which come from the United States, is the equivalent of one fresh egg per person per week, and supplements the ration of fresh eggs, which varies seasonally from one to a maximum of five eggs a month.

Our exports of sugar, wheat, flour, and cereals, although extremely small in relation to total U. S. supply, have been particularly important to Russia, which has lost most of its sugar-beet and its richest wheat-producing areas to the Nazi invaders. So far we have not been able to find the shipping space to send nearly as much food to U. S. S. R. as the Russian people need.

We have exported a considerable percentage of our total production of canned fish to supplement the restricted meat rations of our allies' armed forces and civilians. Two-thirds of Britain's canned fish supply comes from the United States and most of the balance from Canada.

Record United States food production in 1942 has more than offset our lend-lease food exports. To meet the greater demands next year, Secretary of Agriculture Wickard has set 1943 production goals ranging up to 28 percent higher than 1942 totals for some commodities. United States civilians will have less of some foods, in order that supplies may go where they will contribute most to our victory. Even so, Americans will still have more to eat than the overwhelming majority of people elsewhere.

#### Chapter 3

#### THE AFRICAN OFFENSIVES

The present campaigns in Egypt and North Africa illustrate how United Nations resources can be pooled in the execution of an offensive strategy. For both offensives, supplies and shipping services were provided on a great scale in accordance with the principles of lend-lease and reciprocal aid.

#### Egyptian Campaign

In the Egyptian campaign, British and American equipment was used and troops from the United Kingdom, the Dominions, Greece, Poland, France, and the United States took part, but British troops, planes, and ships did the bulk of the fighting, under British command. It was in the field of transportation and supplies that United States assistance played its major role.

German and Italian forces could be supplied from their home bases by shipping or flying their equipment a few hundred miles across the Mediterranean. Supplies from the United Kingdom or this country, on the other hand, had to travel 12,000 miles by water, around the Cape of Good Hope and up the Red Sea, before reaching the fighting zone. Even if sent by air from the United States, a bomber or a cargo of urgently needed materials must be flown over 9,000 miles via Brazil across the Atlantic and over the jungles and deserts of Africa.

Nevertheless, in spite of all difficulties of weather, terrain, and enemy action, our supply lines functioned so well that at the crucial moment United Nations forces were able to take the field with clear superiority in armored strength, artillery, and air power.

This was possible because of action taken many months before the offensive began, when it was decided that these supply lines must be bolstered and improved in every way possible.

United States and British funds, engineering skill and labor have been used to build, reconstruct or enlarge supply bases, docks and naval facilities, air fields, and repair and assembling shops in the Red Sea area and in Egypt. Work done under this program has made it possible to unload cargoes and repair damaged ships more quickly. And the facilities for assembling of trucks, tanks, and planes have speeded the flow of weapons to the fighting front.

Air ferry routes have been created across Africa. In places where a few years ago no planes were ever seen, huge bombers and transports now land daily, are fueled, and continue to their destinations.

Together with the British and Fighting French, we have built or improved air fields all the way from the Atlantic coast of Africa to the Anglo-Egyptian Sudan, and the Red Sea. These fields have been used by planes on their way to Egypt, to Iran and Russia, and to India.

The United States funds spent in these enterprises, and for the necessary shipping, have come from lend-lease appropriations and funds appropriated to the War Department for its own use.

Over these improved supply lines, the United States exported to Egypt during the period from February to November over 1,000 planes, many hundreds of tanks, of which more than 500 were mediums, 20,000 trucks and hundreds of pieces of artillery. Our British allies have emphasized the importance of these weapons in the success of the campaign. In addition to the American planes furnished the British, hundreds of planes were sent to Egypt for the use of our own air forces. One out of every five United Nations planes operating during the desert offensives was flown by American crews or pilots.

American technicians have also been instructing the British, South Africans and Australians in the maintenance and repair of American equipment, and an increasing number of American mechanics have been assisting in this work.

#### North African Campaign

The invasion of North Africa, even more than the campaign in Egypt, has been a combined operation in the fullest sense of the word. Neither the United States nor Great Britain could alone have carried out at this time a task requiring the greatest single overseas expeditionary force in history.

Hundreds of British and American cargo, transport and naval vessels were pooled for the enterprise. The ground forces include many British as well as American troops. The United States Army Air Force and the Royal Air Force are both taking part in this offensive, and each nation's air force has been using, to some extent, planes manufactured by the other, provided either under lend-lease or reciprocal lend-lease. Most of the equipment of our troops was American-made, but large quantities of miscellaneous supplies were lend-leased to us by Great Britain.

In all phases of the campaign—in the careful work of preparation as well as in the more spectacular moments of battle—the United States and Great Britain have shared their resources and operated under unified command.

# Chapter 4 LIBERATED AREAS

Less than a week after our landings in North Africa, the Lend-Lease Administrator was instructed, in cooperation with General Eisenhower and the State Department, to extend aid to those areas in French Africa occupied by United Nations forces.

The policy of the United States, already announced, is to provide food, medicines, and other necessities to alleviate the hunger and suffering of the people in any territory occupied by our forces, so far as it is humanly within our power to do so. Weapons will be furnished to the armed forces of these territories to hasten the defeat of the Axis.

Methods of carrying out this policy will differ between areas, and different methods may be necessary within the same area. Where commercial channels of supply have been cut off, lend-lease can be the instrument for renewing them. Where relief distribution is necessary, lend-lease can supply the materials of relief.

Steps have already been taken with respect to North Africa in execution of this policy. About \$5,000,000 worth of civilian goods have been purchased for shipment to that area. Many times that amount will be procured during the coming months, to be sent as shipping space becomes a vailable. So long as military operations continue in this area, the amount of available shipping space cannot accurately be predicted. Cargoes necessary to maintain our armies in the field will have top priority on shipping, but civilian supply will come next on the list.

Items purchased, or to be purchased, under this program include: Medical and hospital supplies ranging from anaesthetics to operating knives, sulfa drugs and antitoxins; sugar,

powdered and evaporated milk, and cheese, to meet the most urgent food needs; cotton textiles, ready-made new and used clothing, and shoes; copper sulphate to increase the production of vegetables and fruits for the consumption of our troops as well as the inhabitants; coal for transportation and kerosene for lighting. The United Kingdom will participate in this program with the United States.

The United Nations will help the victims of war in liberated territories, not only out of common humanity, but for the most urgent political and military reasons. Expansion of the agricultural production of the reoccupied regions and the improvement of their transportation facilities will be of great value to our military forces. Increased food production on the spot will enable us, after meeting the requirements of the civilian population, to supply our forces with some foodstuffs, thus saving valuable shipping space. Similarly any aid that we can furnish North Africa in maintaining and increasing its exportable production of certain strategic materials, such as phosphate rock, manganese, and high-grade iron ore will be of great value to the United Nations war effort.

The program of reoccupation will require the joint efforts of many agencies of this government, and the fullest cooperation with the other United Nations. Relief and rehabilitation of the reoccupied areas will be the common responsibility of all the United Nations, and must be a combined operation in the same sense as the military operations themselves. Success in restoring the countries we free will be a powerful factor in shortening the war, giving the liberated peoples their chance to share in the victory.

The United Nations have shown that they are capable of military teamwork of a high degree. In the field of relief and rehabilitation, they have an opportunity to develop a constructive program that will have a most direct bearing on the problems of the peace.

#### **APPENDICES**

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### Appendix I

#### LEND-LEASE ACT

Further to promote the defense of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "An Act to Promote the Defense of the United States."

#### Section 2.

As used in this Act-

(a) The term "defense article" means—

(1) Any weapon, munition, aircraft, vessel, or boat;

(2) Any machinery, facility, tool, material, or supply necessary for the manufacture, production, processing, repair, servicing, or operation of any article described in this subsection;

(3) Any component material or part of or equipment for any article

described in this subsection;

(4) Any agricultural, industrial or other commodity or article for defense.

Such term "defense article" includes any article described in this subsection manufactured or procured pursuant to section 3, or to which the United States or any foreign government has or hereafter acquires title, possession, or control.

(b) The term "defense information" means any plan, specification, design, prototype, or information pertaining to any defense article.

#### Section 3.

- (a) Notwithstanding the provisions of any other law, the President may, from time to time, when he deems it in the interst of national defense, authorize the Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government—
  - (1) To manufacture in arsenals, factories, and shipyards under their jurisdiction, or otherwise procure, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for the government of any country whose defense the President deems vital to the defense of the United States.

- (2) To sell, transfer title to, exchange, lease, lend, or otherwise dispose of, to any such government any defense article, but no defense article not manufactured or procured under paragraph (1) shall in any way be disposed of under this paragraph, except after consultation with the Chief of Staff of the Army or the Chief of Naval Operations of the Navy, or both. The value of defense articles disposed of in any way under authority of this paragraph, and procured from funds heretofore appropriated, shall not exceed \$1,300,000,000. The value of such defense articles shall be determined by the head of the department or agency concerned or such other department, agency or officer as shall be designated in the manner provided in the rules and regulations issued hereunder. Defense articles procured from funds hereafter appropriated to any department or agency of the Government, other than from funds authorized to be appropriated under this Act, shall not be disposed of in any way under authority of this paragraph except to the extent hereafter authorized by the Congress in the Acts appropriating such funds or otherwise.
- (3) To test, inspect, prove, repair, outfit, recondition, or otherwise to place in good working order, to the extent to which funds are made available therefor, or, contracts are authorized from time to time by the Congress or both, any defense article for any such government, or to procure any or all such services by private contract.

(4) To communicate to any such government any defense information, pertaining to any defense article furnished to such government

under paragraph (2) of this subsection.

(5) To release for export any defense article disposed of in any way under this subsection to any such government.

(b) The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect

benefit which the President deems satisfactory.

(c) After June 30, 1943, or after the passage of a concurrent resolution by the two Houses before June 30, 1943, which declares that the powers conferred by or pursuant to subsection (a) are no longer necessary to promote the defense of the United States, neither the President nor the head of any department or agency shall exercise any of the powers conferred by or pursuant to subsection (a); except that until July 1, 1946, any of such powers may be exercised to the extent necessary to carry out a contract or agreement with such a foreign government made before July 1, 1943, or before the passage of such concurrent resolution, whichever is the earlier.

(d) Nothing in this Act shall be construed to authorize or to permit the authorization of convoying vessels by naval vessels of the United States.

(e) Nothing in this Act shall be construed to authorize or to permit the authorization of the entry of any American vessel into a combat area in violation of section 3 of the Neutrality Act of 1939.

#### Section 4.

All contracts or agreements made for the disposition of any defense article or defense information pursuant to section 3 shall contain a clause by which the foreign government undertakes that it will not, without the consent of the President, transfer title to or possession of such defense article or defense information by gift, sale, or otherwise, or permit its use by anyone not an officer, employee, or agent of such foreign government.

#### Section 5.

- (a) The Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government involved shall, when any such defense article or defense information is exported, immediately inform the department or agency designated by the President to administer section 6 of the Act of July 2, 1940 (54 Stat. 714), of the quantities, character, value, terms of disposition, and destination of the article and information so exported.
- (b) The President from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose. Reports provided for under this subsection shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

#### Section 6.

- (a) There is hereby authorized to be appropriated from time to time, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to carry out the provisions and accomplish the purposes of this Act.
- (b) All money and all property which is converted into money received under section 3 from any government shall, with the approval of the Director of the Budget, revert to the respective appropriation or appropriations out of which funds were expended with respect to the defense article or defense information for which such consideration is received, and shall be available for expenditure for the purpose for which such expended funds were appropriated by law, during the fiscal year in which such funds are received and the ensuing fiscal year; but in no event shall any funds so received be available for expenditure after June 30, 1946.

#### Section 7.

The Secretary of War, the Secretary of the Navy, and the head of the department or agency shall in all contracts or agreements for the disposition of any defense article or defense information fully protect the rights of all citizens of the United States who have patent rights in and to any such article or information which is hereby authorized to be disposed of and the payments collected for royalties on such patents shall be paid to the owners and holders of such patents.

#### Section 8.

The Secretaries of War and of the Navy are hereby authorized to purchase or otherwise acquire arms, ammunition, and implements of war produced within the jurisdiction of any country to which section 3 is applicable, whenever the President deems such purchase or acquisition to be necessary in the interests of the defense of the United States.

#### Section 9.

The President may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out any of the provisions of this Act; and he may exercise any power or authority conferred on him by this Act through such department, agency, or officer as he shall direct.

#### Section 10.

Nothing in this Act shall be construed to change existing law relating to the use of the land and naval forces of the United States, except insofar as such use relates to the manufacture, procurement, and repair of defense articles, the communication of information and other noncombatant purposes enumerated in this Act.

#### Section 11.

If any provision of this Act or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances shall not be affected thereby.

APPROVED, March 11, 1941.

#### Appendix II

## LEND-LEASE APPROPRIATIONS AND TRANSFER AUTHORIZATIONS

Lend-lease aid is provided from: (a) funds appropriated directly to the President for lend-lease purposes; (b) appropriations to the War Department, Navy Department, and Maritime Commission which contain authorization for maximum amounts that may be used for lend-lease purposes.

Detailed information on the maximum amount of lend-lease aid which can be provided by existing legislation is given in the following table.

Appropriations to the President	
First Lend-Lease Appropriation	\$7,000,000,000
Second Lend-Lease Appropriation	5,985,000,000
Third Lend-Lease Appropriation	5,425,000,000
•	\$18,410,000,000
Transfers Authorized from Other Appropriations	
War Department—Third Supplemental, 1942	\$2,000,000,000
War Department—Fourth Supplemental, 1942	4,000,000,000
War Department—Fifth Supplemental, 1942	11,250,000,000
War Department—Sixth Supplemental, 1942	2,220,000,000
War Department-Military Appropriation Act, 1943	12,700,000,000
Navy Department—Second Supplemental, 1943	*3,000,000,000
Maritime Commission—First Supplemental, 1942	†1,296,650,000
Maritime Commission—Fifth Suppl. (Approp. Funds), '42.	†1,500,000,000
Maritime Commission—Fifth Suppl. (Contr. Auth.), 1942.	†2,350,000,000
Departments other than War—Third Supplemental, 1942	800,000,000

\$41,116,650,000 MAXIMUM AMOUNT OF AID THAT CAN BE PROVIDED...... \$59,526,650,000

# Appendix III STATUS OF NATIONS

Twenty-nine nations have signed the United Nations Declaration, pledging their full resources to the fight against the Axis powers, and agreeing not to make a separate peace with the enemies. Of the 42 nations which have been declared eligible for lend-lease aid by the President, 30 have signed lend-lease agreements. Formal agreements providing for reciprocal lend-lease aid have been entered into by four of these nations with the United States. Full information concerning the status of the various nations is shown by the following chart.

<sup>\*</sup>Does not include the value of ships which may be leased by the Navy for the duration of the emergency.

<sup>†</sup>Value of ships which may be leased.

The Declaration by United Nations, together with the original signatories, is printed in Appendix IV. The Master Agreement signed with the United Kingdom is contained in Appendix V. Lend-lease agreements with the following countries are identical with the British agreement: China, U. S. S. R., Belgium, Poland, Netherlands, Greece, Czechoslovakia, Norway and Yugoslavia. In addition, Australia and New Zealand have accepted the same principles. Canada agreed to the principles set forth in Article VII of the Master Agreements in an exchange of notes with the United States, dated November 30, 1942.

STATUS OF NATIONS  (LEND-LEASE COUNTRIES AND UNITED NATIONS)  UNITED NATIONS DECLARATION SIGNED  ELIGIBLE FOR LEND-LEASE AID  RECIPROCAL LEND-LEASE AGREEMENT IN EFFECT								
ARGENTINA		111111			INDIA			
AUSTRALIA		Willia			IRAN		Willia	
BELGIUM		111/11/16			IRAQ			
BOLIVIA					LUXEMBOURG			
BRAZIL		Willin			MEXICO		Willia.	
CANADA					NETHERLANDS		Wille	
CHILE		11/1/4			NEW ZEALAND			
CHINA		Willin			NICARAGUA		iillih	
COLOMBIA					NORWAY		Wille	
COSTA RICA		% %			PANAMA		Willin	
CUBA	William	Vicilia			PARAGUAY		Willia	
CZECHOSLOVAKIA		400			PERU		With the	
DOMINICAN REPUBLIC		Will.			PHILIPPINES			
ECUADOR		400			POLAND			
EGYPT					SOUTH AFRICA			
EL SALVADOR		Willia.			TURKEY		William William	
ETHIOPIA		<i>\\\\\</i>			UNITED KINGDOM		2000	***
FIGHTING FRANCE		14/11/1			UNITED STATES			
GREECE					U. S. S. R.		Militi	
GUATEMALA					URUGUAY		11111/2	
HAITI					VENEZUELA			
HONDURAS					YUGOSLAVIA		Willin.	
ICELAND								

#### Appendix IV

#### DECLARATION BY UNITED NATIONS

A Joint Declaration by the United States of America, the United Kingdom of Great Britain and Northern Ireland, the Union of Soviet Socialist Republics, China, Australia, Belgium, Canada, Costa Rica, Cuba, Czechoslovakia, Dominican Republic, El Salvador, Greece, Guatemala, Haiti, Honduras, India, Luxembourg, Netherlands, New Zealand, Nicaragua, Norway, Panama, Poland, South Africa, Yugoslavia.

The Governments signatory hereto,

Having subscribed to a common program of purposes and principles embodied in the Joint Declaration of the President of the United States of America and the Prime Minister of the United Kingdom of Great Britain and Northern Ireland dated August 14, 1941, known as the Atlantic Charter,

Being convinced that complete victory over their enemies is essential to defend life, liberty, independence and religious freedom, and to preserve human rights and justice in their own lands as well as in other lands, and that they are now engaged in a common struggle against savage and brutal forces seeking to subjugate the world, DECLARE:

(1) Each Government pledges itself to employ its full resources, military or economic, against those members of the Tripartite Pact and its adherents with which such government is at war.

(2) Each Government pledges itself to cooperate with the Governments signatory hereto and not to make a separate armistice or peace with the enemies.

The foregoing declaration may be adhered to by other nations which are, or which may be, rendering material assistance and contributions in the struggle for victory over Hitlerism.

Done at Washington

January First 1942

The Republic of Costa Rica by Luis Fernandez

The Republic of Cuba

by Aurelio F. Concheso

Czechoslovak Republic

by V. S. Hurban

The Dominican Republic by J. M. Troncoso

The Republic of El Salvador by C. A. Alfaro

The Kingdom of Greece

by Cimon P. Diamantopoulos

The Republic of Guatemala

by Enrique Lopez-Herrarte
The United States of America

by Franklin D. Roosevelt

The United Kingdom of Great Britain

and Northern Ireland

by Winston Churchill

On behalf of the Government of the The Republic of Nicaragua Union of Soviet Socialist Republics by Maxim Litvinoff,

Ambassador

National Government of the Republic of China

> Tse Vung Soong, Minister for Foreign Affairs

The Commonwealth of Australia by R. G. Casey

The Kingdom of Belgium
by Cte. R. v. d. Straten

Canada

by Leighton Mc Carthy The Grand Duchy of Luxembourg

by Hugues Le Gallais The Kingdom of the Netherlands A. Loudon

Signed on behalf of the Govt. of the Dominion of New Zealand by Frank Langstone

by Leon DeBayle

The Kingdom of Norway

by W. Munthe de Morgenstierne

The Republic of Panama by Jaen Guardia

The Republic of Poland by Jan Ciechanowski

La Republique d'Haiti par Fernand Dennis

The Republic of Honduras by Julian R. Caceres

India

Girja Shankar Bajpai

The Union of South Africa by Ralph W. Close

The Kingdom of Yugoslavia by Constantin A. Fotitch

Note: Mexico, The Commonwealth of the Philippines and Ethiopia have since adhered to the Declaration by United Nations.

#### Appendix V

#### BRITISH MASTER AGREEMENT

Agreement Between the Governments of the United States of America and of the United Kingdom on the Principles Applying to Mutual Aid in the Prosecution of the War Against Aggression, Authorized and Provided for by the Act of March 11, 1941.

Whereas the Governments of the United States of America and the United Kingdom of Great Britain and Northern Ireland declare that they are engaged in a cooperative undertaking, together with every other nation or people of like mind, to the end of laying the bases of a just and enduring world peace securing order under law to themselves and all nations;

And whereas the President of the United States of America has determined, pursuant to the Act of Congress of March 11, 1941, that the defense of the United Kingdom against aggression is vital to the defense of the United States of America;

And whereas the United States of America has extended and is continuing to extend to the United Kingdom aid in resisting aggression;

And whereas it is expedient that the final determination of the terms and conditions upon which the Government of the United Kingdom receives such aid and of the benefits to be received by the United States of America in return therefor should be deferred until the extent of the defense aid is known and until the progress of events makes clearer the final terms and conditions and benefits which will be in the mutual interests of the United States of America and the United Kingdom and will promote the establishment and maintenance of world peace.

And whereas the Governments of the United States of America and the United Kingdom are mutually desirous of concluding now a preliminary agreement in regard to the provision of defense aid and in regard to certain considerations which shall be taken into account in determining such terms and conditions and the making of such an agreement has been in all respects duly authorized, and all acts, conditions and formalities which it may have been necessary to perform, fulfill or execute prior to the making of such an agreement in conformity with the laws either of the United States of America or of the United Kingdom have been performed, fulfilled or executed as required;

The undersigned, being duly authorized by their respective Governments for that purpose, have agreed as follows:

#### Article 1

The Government of the United States of America will continue to supply the Government of the United Kingdom with such defense articles, defense services, and defense information as the President shall authorize to be transferred or provided.

#### Article II

The Government of the United Kingdom will continue to contribute to the defense of the United States of America and the strengthening thereof and will provide such articles, services, facilities or information as it may be in a position to supply.

#### Article III

The Government of the United Kingdom will not without the consent of the President of the United States of America transfer title to, or possession of, any defense article or defense information transferred to it under the Act or permit the use thereof by anyone not an officer, employee, or agent of the Government of the United Kingdom.

#### Article IV

If, as a result of the transfer to the Government of the United Kingdom of any defense article or defense information, it becomes necessary for that Government to take any action or make any payment in order fully to protect any of the rights of a citizen of the United States of America who has patent rights in and to any such defense article or information, the Government of the United Kingdom will take such action or make such payment when requested to do so by the President of the United States of America.

#### Article V

The Government of the United Kingdom will return to the United States of America at the end of the present emergency, as determined by the President, such defense articles transferred under this Agreement as shall not have been destroyed, lost or consumed and as shall be determined by the President to be useful in the defense of the United States of America or of the Western Hemisphere or to be otherwise of use to the United States of America.

#### Article VI

In the final determination of the benefits to be provided to the United States of America by the Government of the United Kingdom full cognizance shall be taken of all property, services, information, facilities, or other benefits or considerations provided by the Government of the United Kingdom subsequent to March 11, 1941, and accepted or acknowledged by the President on behalf of the United States of America.

#### Article VII

In the final determination of the benefits to be provided to the United States of America by the Government of the United Kingdom in return for aid furnished under the Act of Congress of March 11, 1941, the terms and conditions thereof shall be such as not to burden commerce between the two countries, but to promote mutually advantageous economic relations between them and the betterment of world-wide economic relations. To that end, they shall include provision for agreed action by the United States of America and the United Kingdom, open to participation by all other countries of like mind, directed to the expansion, by appropriate international and domestic measures, of production, employment, and the exchange and consumption of goods, which are the material foundations of the liberty and welfare of all peoples; to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers; and, in general, to the attainment of all the economic objectives set forth in the Joint Declaration made on August 12, 1941, by the President of the United States of America and the Prime Minister of the United Kingdom.

At an early convenient date, conversations shall be begun between the two Governments with a view to determining, in the light of governing economic conditions, the best means of attaining the above-stated objectives by their own agreed action and of seeking the agreed action of other like-minded Governments.

#### Article VIII

This Agreement shall take effect as from this day's date. It shall continue in force until a date to be agreed upon by the two Governments.

Signed and sealed at Washington in duplicate this 23d day of February, 1942.

For the Government of the United States of America:

[SEAL]

Sumner Welles, Acting Secretary of State of the

United States of America.

For the Government of the United Kingdom of Great Britain and Northern Ireland:

[Seal]

HALIFAX

His Majesty's Ambassador Extraordinary and Plenipotentiary at Washington.



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# REPORT TO THE 78™ CONGRESS ON LEND-LEASE OPERATIONS

From the Passage of the Act,
March 11, 1941, to December 31, 1942

Submitted by
Edward R. Stettinius, Jr.
Lend-Lease Administrator

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### REPORT TO THE 78<sup>TH</sup> CONGRESS ON LEND-LEASE OPERATIONS

From the Passage of the Act, March 11, 1941, to December 31, 1942

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JAN 8 1944

UNIVERSITY OF ILLINOIS

Submitted by
Edward R. Stettinius, Jr.
Lend-Lease Administrator

### CONTENTS

Chapter	Page
Letter of Transmittal	5
1. The Strategy of Lend-Lease	7
2. The Lend-Lease Program to Date	15
3. Lend-Lease and the War Fronts	34
4. Lend-Lease and Food	42
5. Reciprocal Aid	48
Appendix	
I. Lend-Lease Act	56
II. Public Law 23, 77th Congress, Section 3	59
. III. Public Law 282, 77th Congress, Section 102	60
IV. Public Law 474, 77th Congress, Section 303	<b>6</b> 0
V. Public Law 763, 77th Congress, Title II	<b>6</b> 0
VI. Amounts of Lend-Lease Aid Authorized	61
VII. Executive Order Establishing Office of Lend-	
Lease Administration	64
VIII. Combined Boards	66
IX. Russian Master Agreement	70
X. Declaration by United Nations	74
XI. Reciprocal Aid Agreements	76
XII. British White Paper of September 10, 1941	84
Index	87

#### LETTER OF TRANSMITTAL

To the Congress of the United States of America:

Under the authority vested in me by the Executive Order of October 28, 1941, and pursuant to the direction of the President, I am submitting herewith to the Seventy-eighth Congress, a report on operations under the Lend-Lease Act, from the passage of the Act, March 11, 1941, to December 31, 1942.

EDWARD R. STETTINIUS, JR.,

Lend-Lease Administrator.

Washington, D. C., January 25, 1943

#### Chapter 1

# THE STRATEGY OF LEND-LEASE THE LEND-LEASE ACT

The Lend-Lease Act was enacted by the Congress as a measure of national defense on March 11, 1941, nine months before the threat of Axis attack upon us materialized at Pearl Harbor. Full and lengthy public hearings and debates on the issues preceded passage of the law.

Recognizing the threat against us, the United States in substance affirmed that:

- (a) It was essential to our security that all possible material assistance be furnished to those nations then fighting or threatened by the Axis.
- (b) It was in our interest that the flow of weapons and other supplies furnished to promote the defense of the United States should not be interrupted by a lack of dollar exchange.
- (c) Since aid was being furnished in our own defense and it was important to avoid the international debt experience of the last war, payment might be in kind or property or other benefits, rather than in dollars.

The name under which the Act has become known is derived from its wording, which authorizes the President "to sell, transfer title to, exchange, lease, lend, or otherwise dispose of" defense articles. Its statutory title is "An Act to Promote the Defense of the United States."

Under the Act, the President is authorized by Congress "in the interest of national defense" to procure and provide "defense articles" and "defense information" for the government of any country whose defense he deems "vital to the defense of the United States." Defense articles and defense

information are defined to include all types of goods and services necessary for the waging of total war. The Act provides that "the terms and conditions under which any such foreign government receives any aid . . . shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory."

Lend-lease is not a loan of money. Nor has it ever been an act of charity. The lend-lease program of providing goods and services to nations resisting the Axis aggressors was undertaken for the defense of this country and has been carried out in the interests of the people of the United States. We have aided other peoples under lend-lease because their interests coincided with our interests.

#### LEND-LEASE BEFORE PEARL HARBOR

When the Lend-Lease Act was passed, there was still the possibility that by putting the full weight of our economic resources behind those countries fighting the Axis, the defeat of the aggressors might be secured before we ourselves were attacked. Pearl Harbor ended that possibility. The Axis attack upon us vindicated the wisdom of lend-lease policy.

By beginning the lend-lease program when we did, we greatly strengthened ourselves. We strengthened the nations whose fight was keeping Axis aggression from this hemisphere. We strengthened our inner defenses as well.

Great Britain, then standing alone, was assured of a continuous and mounting flow of arms and food from the United States. China, then in its fourth year of heroic resistance to Japan, was assured more American supplies over the Burma road. After the Soviet Union was attacked, lend-lease support was assured the Red armies then battling desperately before Moscow.

The process of industrial mobilization in this country was greatly speeded by operations under the Act. Lend-lease con-

tracts as well as lend-lease expenditures started the construction of many new factories and the conversion of existing facilities to war purposes. They furthered the expansion of our shipyards and stimulated the production of machine tools and munitions of all kinds.

Before December 7, 1941, over \$7,265,000,000 of lend-lease funds had been allocated for the manufacture of arms and ships, and nearly \$800,000,000 for new facilities. This stimulus to United States war production was in addition to British, French and Dutch munitions orders placed before the passage of the Act and totalling over \$3,000,000,000, paid for in cash. These orders in most cases called for the expansion or conversion of plants and shipyards. As a result of the lend-lease and cash orders, this country's capacity to produce arms on December 7 was far greater than it would otherwise have been. Factories and shipyards so built have since been turning out planes, guns, and ships for our own forces as well as for our allies.

#### LEND-LEASE AFTER DECEMBER 7

#### Strengthening the United Nations

Since December 7, lend-lease has become a still more important instrument for defeating the Axis.

The basic war strategy of the United Nations is to combine all their material and manpower resources in such a way as will achieve the maximum possible impact upon the enemy in the shortest possible time. Lend-lease is a principal means by which the United States combines a share of its material strength with the material strength and manpower of our allies in order to carry out this strategy.

When a General Sherman tank smashes through an Axis emplacement, the enemy is hurt just as much, whether the action is before Stalingrad or on the Axis flanks in Libya and Tunisia. An American-made fighter plane strikes effectively in the cause of the United Nations whether it is strafing the Japanese in occupied China or the Nazis in occupied France.

#### STATUS OF NATIONS (LEND-LEASE COUNTRIES AND UNITED NATIONS) UNITED NATIONS DECLARATION SIGNED LEND-LEASE AGREEMENT mmm SIGNED ELIGIBLE FOR LEND-LEASE AID RECIPROCAL LEND-LEASE AGREEMENT SIGNED INDIA ARGENTINA \*\*\* **AUSTRALIA** IRAN REI GIUM IRAQ BOLIVIA LIBERIA BRAZIL LUXEMBOURG CANADA MEXICO CHILE NETHERLANDS 201111 CHINA M NEW ZEALAND COLOMBIA MIMIN NICARAGUA mmm COSTA RICA mmm NORWAY CUBA ΡΔΝΔΜΔ CZECHOSLOVAKIA PARAGUAY 4/11/11 DOMINICAN REPUBLIC Willia PERU PHILIPPINES **ECUADOR** EGYPT 1000 POLAND EL SALVADOR SOUTH AFRICA ETHIOPIA TURKEY Willi FIGHTING FRANCE UNITED KINGDOM GREECE UNITED STATES GUATEMALA U. S. S. R. HAITI URUGUAY HONDURAS VENEZUELA MININ ICELAND YUGOSLAVIA

The Declaration by United Nations, together with the original signatories, is printed in Appendix X. The Master Agreement signed with the U. S. S. R. is contained in Appendix IX. Lend-lease agreements with the following countries are identical with the Russian agreement: Great Britain, Belgium, Poland, Netherlands, Greece, Czechoslovakia, Norway, and Yugoslavia. In addition, Australia and New Zealand have accepted the same principles. Canada agreed to the principles set forth in Article VII of the Master Agreements in an exchange of notes with the United States, dated November 30, 1942.

American steel shaped by British machine tools into 25-pounder guns at a factory in the English Midlands adds to the total fire power of the armies fighting the Axis. The same is true of American tools machining Indian steel into shells in a factory in the Central Provinces of India.

American foods shipped abroad bring the day of victory closer by providing the calories necessary to sustain the energy and strength of those fighting our enemies, whether it be a Soviet soldier from Tiflis pushing forward against the Nazis through snow and ice—or a dockyard worker who went through the London blitz and is now unloading supplies for United States forces in Britain—or a British mother whose children are entrusted to a day nursery while she takes a man's place at a lathe in a shell-making plant.

Lend-lease supplies in the hands of the other United Nations serve the war effort of the United States.

#### War Effort of the United Nations

The United States is a major producer of arms and food for the United Nations. We have now the highest war production rate and our factories and farms are the most secure from seizure or destruction by the enemy. Nevertheless, only a small part of the weapons used up to now against the Axis have been of American make.

Until last spring, Great Britain, with one-third of our population and industrial capacity, was producing more armaments than we were. At the same time Britain also produced most of the arms required in the British Isles themselves. Soviet armies engaged in the greatest land fighting in this war have been supplied for 18 months chiefly with Russian-produced arms. More Nazi soldiers have been killed by Russian-made weapons since the beginning of the war than on all the other war fronts combined.

Canada, Australia, and India are also important United Nations war production centers, and many other countries provide great quantities of essential raw materials.

The supplies furnished so far by the United States have been important and in some cases decisive, but they have formed

only one of many streams flowing into the pool of United Nations resources. This year they will have a much greater effect. The goal of this country is to double its war production in 1943. Only in that way can the forces of the United Nations, including the United States, have arms in the quantities necessary for victory.

#### Mutual Aid

Lend-lease has never been a one-way affair. Our allies are not only supplying us with many of our needs; they are using this method increasingly in supplying each other.

The United Kingdom has lend-leased to the Soviet Union thousands of planes and tanks and other military supplies. The United Kingdom has also provided under lend-lease equipment for the forces of many of the governments in exile fighting with the British armies. Great Britain has also been furnishing pay and other supplies on a lend-lease basis, as well as munitions, to Chinese troops operating in Burma and India. Canada is furnishing the United Kingdom with over a billion dollars worth of war production without payment. In relation to population this commitment would be the equivalent of 12 billion dollars worth of supplies from the United States.

Furthermore, through reciprocal lend-lease aid, our allies on the battle fronts have matched the spirit of our lend-lease aid by supplying the U. S. armed forces with great quantities of food, medical supplies, equipment and services on a lend-lease basis, and without the payment of cash. This aid has already saved the United States many hundreds of millions of dollars in maintenance and transportation costs of our forces overseas. Our allies have also freely contributed from their technical and other war experience to United States home defenses and techniques of war production.

R. A. F. pilots fly United States Martin bombers in the Middle East, U. S. pilots fly British Spitfires over France and North Africa, British barrage balloons are used to protect our West coast, Australians operate American planes and MacArthur's soldiers eat Australian food. Such mutual aid is of

rapidly growing importance in the pooling of United Nations' skills, materials, and weapons. It saves shipping—one of our shortest war weapons. In this and in other ways it helps to mobilize the greatest possible combined force for use against the enemy.

#### Other Methods of Combining Resources

Besides using the lend-lease method, the United Nations pool many of their resources through the normal processes of purchase and international exchange. Cash exports, not including lend-lease, from the United States to the British Commonwealth of Nations, have exceeded \$7,000,000,000 since the beginning of the war in 1939. This is considerably more than our lend-lease aid to the British up to December 31, 1942. The United States, in turn, has continued to buy many raw materials from the British Empire and the British are continuing to use dollars to make cash purchases from us outside the lend-lease program. Most of our exchanges with Latin-American countries remain on a purchase, rather than a lend-lease basis, in both directions. Lend-lease steps in whenever difficulties of international exchange might otherwise prevent the free flow of mutual help, or when, as generally is the case with military items, lend-lease methods can get the best war results more quickly and effectively. Whether exchanges are made by lend-lease methods or by purchase, the principle is the same—to multiply the combined strength of the United Nations by the most efficient possible pooling of all our resources under coordinated global direction.

#### Benefits to the United States

Reciprocal lend-lease is only one of several benefits received by the United States in return for the supplies and services provided under the Lend-Lease Act. What the other United Nations do to bring about the defeat of the Axis is obviously a vital contribution "to the defense of the United States." This is a benefit which cannot be measured in figures. There is no standard of values by which the loss of a thousand Russian lives, for instance, can be compared with a thousand fighter planes. Those who have died fighting in Britain, in China and in Russia, in Africa and in Asia, died in defense of their own countries. But these peoples have fought and they fight now against enemies that are ours as well as theirs. Their sacrifices are saving American lives. China's five-year struggle against Japan, the terrible toll taken of the Nazis by the Red Aimy, the defense of Britain and the destruction of German production centers by England's R. A. F., and the protection of vital sea lanes by the British Navy—all have combined to save the United States from invasion, to preserve to us the means of victory and to speed its coming.

This is one of the benefits set forth in Article II of the master lend-lease agreements\* that have been concluded with the United Kingdom, U. S. S. R., China and seven other United Nations. Article II of each agreement provides that the government concerned "will continue to contribute to the defense of the United States of America and the strengthening thereof," in addition to providing "such articles, services, facilities, or information as it may be in a position to supply."

Article V of the master agreements provides for the return to the United States after the war of such articles as have not been "destroyed, lost or consumed," and as are useful to the defense of the United States and the Western Hemisphere. We may require the return of tanks, ships, cargo planes and other equipment if we think it to be in our interest to do so.

Article VII of each agreement provides that in the final settlement the terms shall be such as to promote the economic objectives of the Atlantic Charter. It pledges each of the signatories to work with all other countries of like mind, for "the expansion, by appropriate international and domestic measures, of production, employment, and the exchange and consumption of goods, which are the material foundations of the liberty and welfare of all peoples."

<sup>\*</sup> The master agreements are discussed in Chapter 3 of the Fifth Report to Congress on Lend-Lease Operations, June 11, 1942.

#### Chapter 2

#### THE LEND-LEASE PROGRAM TO DATE

Lend-Lease Appropriations.

The first \$7,000,000,000 was appropriated for lend-lease on March 27, 1941. Another \$5,985,000,000 was appropriated on October 28, 1941. These appropriations were made directly to the President. They included provision for military as well as non-military supplies. A third appropriation for supplies and services other than finished munitions, totalling \$5,425,000,000, became law March 5, 1942, making the total direct appropriations \$18,410,000,000.

Since Pearl Harbor there have been no direct lend-lease appropriations for military items, or for merchant ships. Instead, authorizations for the transfer under lend-lease of articles and services up to a stated value have been included in regular Army, Navy, and Maritime Commission appropriation acts and estimates for these measures have included provision for lend-lease requirements. Lend-lease transfers have been authorized of goods and services procured from regular Army, Navy, and Maritime Commission appropriations up to a maximum value of \$35,970,000,000. This figure does not include the value of certain types of merchant and naval ships, which may be leased but not otherwise transferred to lendlease countries. The munitions procured with these funds may be transferred to our allies or they may be retained for our own forces. By this arrangement Congress has provided for a far-sighted flexibility in the allocation of munitions.

#### **ALLOCATIONS AND OBLIGATIONS\***

### Out of Lend-Lease Appropriations of \$18,410,000,000 to the President, Cumulative to December 31, 1942

#### Millions of Dollars

#### BY PROCURING AGENCY

Procuring Agency	Allocations	Obligations
War Department	5,963	5,507
Navy Department	3,163	2,278
Administration	1,859	1,442
Treasury Department	2,718	1,855
Department of Agriculture	2,961	1,793
Other	14	12
Total	16,678	12,887

#### BY APPROPRIATION CATEGORY

Category	Allocations	Obligations	
Ordnance and Ordnance Stores	1,844	1,622	
Aircraft and Aeronautical Material	2,708	2,597	
Tanks and Other Vehicles	791	662	
Vessels and Other Watercraft	2,209	1,737	
Miscellaneous Military Equipment	362	328	
Production Facilities in U.S	1,147	1,024	
Agricultural and Industrial Commodities	6,641	4,356	
Servicing and Repair of Ships, etc	515	331	
Services and Expenses	445	216	
Administrative Expenses	16	14	
Total	16,678	12,887	

<sup>\*</sup>Obligations are that part of the allocated funds which have been contracted or committed for the production or purchase of supplies and services.

#### Who Is Eligible for Lend-Lease Aid?

The President has so far declared 31 nations, at war with one or more of the Axis powers, to be eligible for lend-lease aid. In addition all the other republics of the western hemisphere, whether or not they are at war with the Axis, have been declared eligible. So, too, have Liberia, Egypt, Turkey, Iceland, and Iran. The total number of eligible nations is 43. Not all of these countries have actually received lend-lease aid as yet. (See chart on page 10.)

#### Office of Lend-Lease Administration

The Division of Defense Aid Reports was established by Executive Order on May 2, 1941 to administer the Lend-Lease Act. Major General James H. Burns was appointed Executive Director of the Division on May 6, 1941. The Division of Defense Aid Reports was succeeded by the Office of Lend-Lease Administration. This office was created by Executive Order on October 24, 1941. E. R. Stettinius, Jr., was named by the President as Administrator. Under this Order the President directed the Administrator "to exercise any power or authority conferred upon the President" by the Lend-Lease Act and the appropriations made under it, in accordance with the policies prescribed by the President.

The principal functions of the Office of Lend-Lease Administration are to:

- (1) Cooperate with lend-lease nations and other Government agencies in formulating programs for lend-lease aid;
- (2) Translate these programs into statements of requirements for critical materials and other articles in short supply and present them with adequate supporting data to the appropriate committees of the War Production Board for allocation;
- (3) Approve or disapprove requests of lend-lease nations for defense articles and services, except finished munitions and ships allocated from supplies procured under Army, Navy and Maritime Commission Appropriation bills;

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- (4) Issue procurement instructions to the appropriate government departments and make the necessary funds available;
  - (5) Assist in obtaining the necessary priorities;
- (6) Expedite the storage and transportation of lend-lease articles ready for shipment;
- (7) Assist in obtaining the most effective use of lend-lease material abroad;
  - (8) Keep detailed records of all lend-lease transactions; and
- (9) Arrange, in consultation with the appropriate agencies of the United States and foreign governments, to obtain supplies and services for the United States on a reciprocal lend-lease basis.

## Allocation of U. S. Supplies

Most United States production is used to supply our own armed forces and civilian population. Many United States departments and agencies, together with the Combined Boards, participate in making the decisions which govern the allocation of American supplies as between our own needs and those of our allies.

Allocation of American munitions is made in accordance with requirements of military strategy as determined by the military, naval, and air commanders on the United States Joint Chiefs of Staff and the Combined Chiefs of Staff. All United States munitions production, both for our own forces and our allies, is planned, controlled, and scheduled by the War and Navy Departments and War Production Board in accordance with this strategy. Assignments of finished munitions are made by the Munitions Assignment Board under directives issued by the Combined Chiefs of Staff. In London a coordinate Combined Board performs the same function for British munitions production.

Supplies of food and raw materials are allocated as among the United Nations by the Combined Raw Materials Board and the Combined Food Board. In making such allocations the Combined Boards frequently include recommendations as to the requirements of various United Nations. These recommendations, insofar as they affect the United States, are referred to the American Requirements Committee or to the Food Administration of the Department of Agriculture.

Allocations of industrial materials and products available to the United States are made by the Requirements Committee of the War Production Board to various claimant agencies represented on this Committee. This Committee consists of specialists in the field of industrial materials. The Office of Lend-Lease Administration is one of these claimant agencies and presents the case for countries and areas for which it is responsible. Broadly speaking, these are the United Nations. Similarly, decisions on food allocations are made by the Food Administration of the Department of Agriculture after consultation with the Food Advisory Committee. This Committee consists of the food experts representing Army, Navy, Lend-Lease, and other claimant agencies.

The Combined Production and Resources Board acts to integrate the war production programs of the United States, United Kingdom, and Canada and to allocate responsibilities for the most efficient combined production in the light of military strategy, shipping, and other factors. Thus the joint decisions of this Board and the Combined Chiefs of Staff, determine in the last analysis the war production programs of these three countries and the division of the output among themselves and the other United Nations.

The production and leasing of merchant ships for lend-lease countries is controlled by the Maritime Commission. Assignment of shipping to carry United States supplies to our allies is determined by the shipping experts on the Combined Shipping Adjustment Board and the Chiefs of Staff. The Shipping Board coordinates the American and British merchant shipping pools. These are operated respectively by the United States War Shipping Administration and the British Ministry of War Transport.

The Combined Boards are Anglo-American with the exception of the Combined Production and Resources Board, of which Canada is a full member, together with the United States and the United Kingdom. In addition, combined mu-

nitions assignment committees have recently been set up in Canada and Australia for the allocation of munitions produced by these two countries.

The Combined Boards consult with representatives of Russia, China and other United Nations before making recommendations on matters which are of interest to these other countries. The Combined Boards are primarily coordinating and planning agencies. Their staffs are small. Their recommendations are left for execution to the operating departments and agencies of the governments concerned. The boards act only upon unanimous agreement. With the exception of the Combined Chiefs of Staff and Munitions Assignments Board, all the boards have one member only for each country.\*

## Lend-Lease and Other Agencies

The Department of State, in addition to negotiating the lend-lease agreements, is consulted on questions of foreign policy involved in lend-lease operations. The Board of Economic Warfare is consulted on lend-lease transactions within its sphere of operation.

The Treasury and State Departments are consulted on the financial position of countries eligible for lend-lease and on other related factors bearing upon the extent of aid to be furnished.

To prevent duplication and to get necessary standardization, procurement of lend-lease articles and services is carried out by the Departments of War, Navy, Treasury and Agriculture and the Maritime Commission and War Shipping Administration.

## Overseas Missions

Lend-lease representatives abroad check on allied requirements at first-hand, observe the use to which lend-lease supplies are put, expedite reciprocal aid, and assist in working out distribution and supply problems as they arise.

Lend-lease representatives are now stationed in ten countries. The largest missions are in London and Moscow.

<sup>\*</sup>See Appendix for complete lists of members of the Combined Boards and their powers and functions as defined by President Roosevelt and Prime Minister Churchill.

There are also lend-lease representatives in China, Australia, New Zealand, Egypt, Iran, Turkey, North Africa, and Iceland. Additional missions will be sent shortly to other areas.

## Lend-Lease Aid

Lend-lease aid consists of goods transferred and services rendered.

Goods transferred include military items, industrial materials, and agricultural products which have been transferred to the governments of the lend-lease countries. Transfers generally have been made before the goods leave this country.

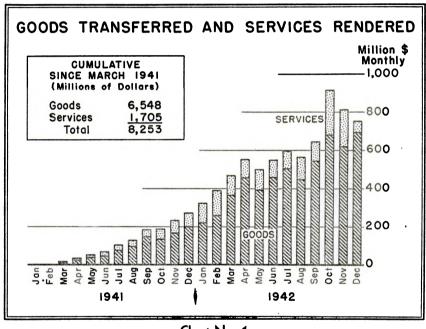


Chart No. 1

Military items include such classifications as aircraft of all types, together with spare engines, propellers, and other parts; tanks, tank destroyers, trucks, jeeps; auxiliary naval vessels and naval equipment; supply ships; ordnance stores such as ammunition and bombs of all types, small arms, anti-aircraft and anti-tank guns, naval guns and other artillery, mines and torpedoes, etc.; medical, signal, chemical warfare and miscellaneous equipment.

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Industrial materials include such items as steel, copper, aluminum, zinc, various steel alloys, petroleum products; machine tools, and other machinery for munitions factories; road-building and airfield construction equipment; railroad equipment; farm tools and machinery.

Agricultural commodities consist chiefly of foodstuffs, especially those in dried and concentrated forms, such as evaporated milk, dried skim and whole milk, cheese, canned and dried fruits and vegetables, concentrated fruit juices, dried eggs, canned and dehydrated pork and other meat products, canned fish, flour and high vitamin cereals, lard and other fats, sugar, some butter; and a few non-foodstuffs, principally cotton, and tobacco for use by allied armed forces and people living in war zones.

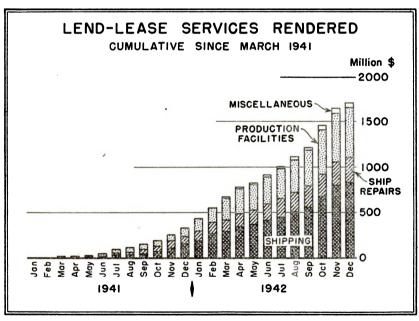


Chart No. 2

Services rendered consist of shipping and supply services, including the rental and charter of ships, transportation and storage, the development and operation of air ferry routes and supply bases abroad; repair services for damaged allied

warships, merchant ships, and other equipment; production facilities—factories and shipyards built in the United States with lend-lease funds to manufacture war goods; and miscellaneous services such as the air training program for pilots of allied countries.

## 1941 Totals

The dollar value of goods transferred under lend-lease in 1941 was \$910,000,000. Services rendered totalled \$334,000,000. The 1941 lend-lease total of \$1,244,000,000 represented about 11 percent of our total war spending in that period. There was a steady acceleration in the monthly totals of lend-lease transfers and services in 1941: they rose from a low of \$10,000,000 in March, to a high of \$274,000,000 in December. In the early months, a very small proportion of the supplies furnished represented arms and other military items. This rose as the program developed but considerably more than half of all lend-lease supplies exported up to January 1, 1942, were food, raw materials, machinery, and related essential but non-military items.

Of the total value of goods exported in 1941, which was \$790,000,000, 35 percent represented military items, 21 percent industrial materials, and 44 percent agricultural products. During the year \$11,327,000,000 of lend-lease funds had been allocated for the production of munitions and ships, for the building of factories in this country and the purchase of industrial and agricultural supplies.

## 1942 Totals

The total value of lend-lease aid in 1942 amounted to \$7,009,000,000, consisting of goods transferred in an amount of \$5,637,000,000, and services rendered in an amount of \$1,372,000,000. This was more than five times the total for 1941. In the last three months of 1942 alone, the value of lend-lease aid was \$2,482,000,000, twice the total for all of 1941.

The cumulative value of lend-lease aid from March 11, 1941, to December 31, 1942, was \$8,253,000,000. Of this amount 79 percent was for goods transferred and 21 percent for services rendered.

## Value of Goods Transferred and Services Rendered Millions of Dollars

	Mont	hly	Cumulative	
	1941	1942	1941	1942
Jan	0	322	0	1,566
	0	388	0	1,954
	10	468	10	2,422
	28	554	388	2,976
	45	449	83	3,425
	63	548	146	3,973
July	101	595	247	4,568
	126	560	373	5,128
	181	643	554	5,771
	182	915	736	6,686
	234	810	970	7,496
	274	757	1,244	8,253

## Lend-Lease Exports

About 90 percent of goods transferred to the governments of lend-lease countries have been exported. The balance is awaiting shipment. Total lend-lease exports from March 11, 1941 to December 31, 1942 were valued at \$5,959,000,000.

Military items exported under lend-lease from March 11, 1941, to December 31, 1942, were valued at \$3,300,000,000 or 55 percent of all lend-lease exports. Of this amount 8 percent was exported in 1941 and 92 percent in 1942.

While all lend-lease exports were much greater in 1942 than in 1941, exports of military items rose more in proportion than non-military items. In October, November and December

## LEND-LEASE AID—MONTHLY AND CUMULATIVE Detail of Goods Transferred and Services Rendered Millions of Dollars

-		МС	NTHLY			
		1941			1942	
·	Goods Trans- ferred	Serv- ices Rendered	Total Aid	Goods Trans- ferred	Serv- ices Rendered	Total Aid
Jan	6 20 35 41	4 8 10 22	10 28 45 63	220 260 362 455 394 459	102 128 106 99 55 89	322 388 468 554 449 548
Jul	73 95 144 132 164 200	28 31 37 50 70 74	101 126 181 182 234 274	504 446 544 680 620 694	91 114 99 235 190 63	595 560 643 915 810 757

## **CUMULATIVE**

				·		
		1941		1942		
	Goods Trans- ferred	Serv- ices Rendered	Total Aid	Goods Trans- ferred	Serv- ices Rendered	Total Aid
Jan	6 26 61 102	4 12 22 44	10 38 83 146	1,130 1,390 1,752 2,207 2,601 3,060	436 564 670 769 824 913	1,566 1,954 2,422 2,976 3,425 3,973
Jul	175 270 414 546 710 910	79 103 140 190 260 334	247 373 554 736 970 1,244	3,564 4,010 4,554 5,234 5,854 6,548	1,004 1,118 1,217 1,452 1,642 1,705	4,568 5,128 5,771 6,686 7,496 8,253

1942, all lend-lease exports totalled \$1,840,000,000, compared to \$462,000,000 in the corresponding months of 1941. While lend-lease exports of non-military items in these months were twice those of the year before, exports of planes, tanks, and guns, etc., rose nine times.

This great increase reflects in part the tremendous rise in United States war production since December 7. However, United States munitions production has increased still more rapidly than shipments of munitions to our allies. We have been supplying our own forces here and overseas. As a result, the percentage of our total munitions production furnished to other United Nations has been less in 1942 than in 1941, although the quantities sent have been much greater

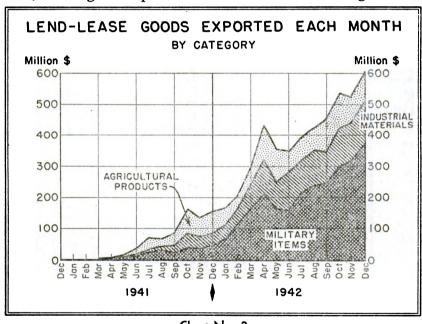


Chart No. 3

Industrial materials and equipment exported under lend-lease from March 11, 1941, to December 31, 1942, were valued at \$1,330,000,000 or 22 percent of all lend-lease exports. Most of this was for raw materials and the balance for machinery, tools, and miscellaneous equipment.

Agricultural products, mostly foodstuffs, exported under lend-lease since the beginning of the program were valued at \$1,329,000,000, or 22 percent of all lend-lease exports to December 31, 1942.

## Services Rendered

Services rendered since March 11, 1941 total \$1,705,000,000. Of this amount 80 percent was rendered in 1942. In dollar value, services are about one-fifth of all lend-lease aid. In terms of making our aid effective, their relative importance is considerably greater. (See Chart 2)

About 50 percent of all such expenditures, or \$835,000,000 to date, has been for the rental and charter of ships and the development and operation of air ferry routes, supply bases, and supply lines abroad.

Another 35 percent, or \$554,000,000 to date, has been used in building up America's industrial plant. The remaining 15 percent, or \$316,000,000, has been used for repairing allied warships and merchant vessels, for storage and loading facilities in this country, and for such other purposes as air pilot training.

## Exports Other than Lend-Lease

Munitions and other supplies sent under lend-lease have been by no means all that we have sent to the other United Nations since March 11, 1941. Deliveries of munitions on direct purchase orders, placed prior to the Lend-Lease Act, and paid for in cash by our allies, were much greater in 1941 than lend-lease munitions deliveries.

From March 1941 to December 31, 1942, the value of all supplies exported under lend-lease was \$5,959,000,000. The value of exports to lend-lease countries, paid for in cash by these countries, amounted to \$6,900,000,000. Many of these direct cash exports were supplies other than munitions, but they were supplies essential either to the war effort or to maintain the minimum civilian economy of our allies.

It is only since March 1942 that monthly lend-lease exports have been exceeding non-lend-lease exports. This trend is continuing as more and more United States exports consist of

lend-lease goods. In the last three months of 1942, more than two-thirds of total U. S. exports were lend-lease.

None of the export figures include the arms and other supplies sent to our own armed forces abroad.

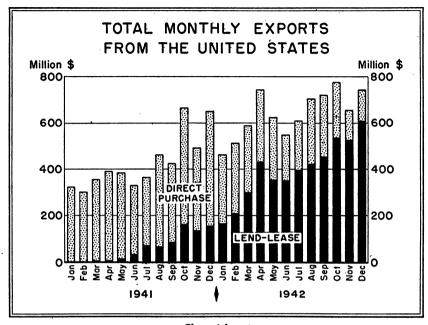


Chart No. 4

## Lend-Lease in Relation to the Total U. S. War Effort

Measured in terms of money spent, lend-lease represents about one-eighth of the total United States war effort. This country spent for all war purposes \$63,408,000,000 from March 1, 1941, to December 31, 1942. The value of lend-lease aid during the same period was \$8,253,000,000 or 13 percent.

1942 munitions exports, including both those made under lend-lease and those by direct purchase, were 19 percent of total United States munitions production. For the last six months these exports have been running at about 15 percent of production.

We have sent considerably more than 19 percent of certain combat weapons to the other United Nations. Of our 1942 production of tanks and combat planes, excluding cargo planes, trainers, etc., we have shipped, both under lend-lease and by direct cash purchase, about one out of every three to our allies. These weapons were most urgently needed on the battle fronts of 1942. On the other hand we have sent less than 15 percent, or none at all, of many other items.

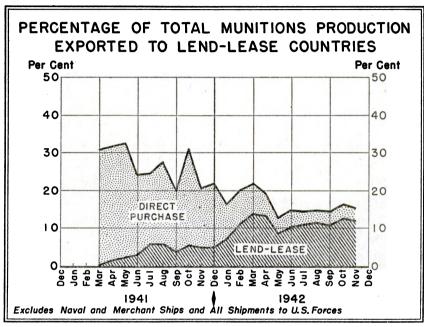


Chart No. 5

## Industrial Materials

Raw materials sent to our allies represent a relatively small proportion of our total supplies, but these shipments are vital to the war-production programs in Russia, the United Kingdom, the Dominions and India. By sending raw materials we not only increase the power of our allies to produce arms, we also save on vital shipping.

In 1942, we exported under lend-lease the following percentages of our new supply of raw materials (current production plus imports in each case). Data for the last quarter are partially estimated.

## LEND-LEASE EXPORTS IN PERCENT OF UNITED STATES NEW SUPPLY

### **YEAR 1942**

	Percent		Percent
Aluminum	3.5	Petroleum Products	6.3
Copper	7.2	Steel	7.3
Crude Rubber	0.0	Tin	0.1
Molybdenum	19.6	Tungsten	0.9
Nickel	1.0	Zinc	12.0

If our stock piles were taken into account, the export percentages would be smaller.

At the same time, we were dependent upon imports from our allies and friendly countries for the following percentages of our new supply of certain strategic materials essential for our own production of war weapons:

IMPORTS IN PERCENT OF U. S. NEW SUPPLY
Year 1942

Material	Percent	Material	Percent
Bauxite	25	Mica (splittings)	98
Chromite	89	Nickel	100
Crude Rubber		Tin Ore	99
Manganese Ore	88	Tungsten	62
Mercury	44	Wool	74

Machine tools, machinery, and miscellaneous industrial equipment shipped to our allies under lend-lease from March 11, 1941 to December 31, 1942, had a total value of \$317,000,-

000. These shipments have saved hundreds of thousands of tons of shipping space that would otherwise have been required for finished munitions. They have enabled our allies to produce more planes and guns, ships and food, and to build airfields and roads now used by our own forces as well as by theirs.

Lend-lease exports of machine tools alone totaled \$137,000,000 up to December 31, 1942. In addition we have made cash purchase exports of machine tools to the United Kingdom, Australia, and the U. S. S. R. totaling another \$125,000,000.

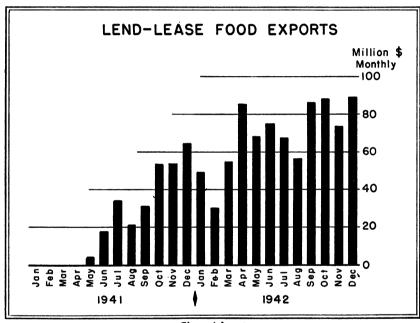


Chart No. 6

Exports of machine tools in the first three quarters of 1942 were 12.4 percent of United States production during that period, divided as follows: 6.1 percent to United Kingdom, 2.3 percent to Russia, 1.5 percent to all others under lend-lease, and 2.5 percent to Canada by direct purchase.

Exports of farm machinery (excluding crawler tractors for agricultural use) and farm tools under lend-lease totaled \$14,-000,000 from March 11, 1941 to December 31, 1942. Every piece of farm machinery exported saved valuable shipping

space and reduced the amounts of food needed by our allies from us. One pound of machinery can produce eight times its weight in food in one year.

## Agricultural Products

Agricultural products, most of them foods, exported under the lend-lease program from March 11, 1941, to November 30, 1942, were valued at \$1,329,000,000. Lend-lease food shipments increased during 1942, but were a small percentage of our total 1942 food supply. Our record 1942 food production exceeded 1941 production by an amount greater than was shipped under lend-lease. Thus, after lend-lease shipments were deducted, there remained more food for our own armed forces and civilians in 1942 than in 1941.\*

## Lend-Lease and the United States Economy

Virtually all lend-lease money is spent in the United States. A large part of it is paid to American farmers for the lend-lease food they raise, to workers in war factories turning out lend-lease goods, and to miners extracting metal ores.

For each lend-lease dollar invested in factory equipment and machine tools sent abroad, several lend-lease dollars have been invested in such equipment here at home. More than \$550,000,000 of lend-lease funds have already been spent for thus building up the American industrial plant.

Over \$50,000,000 in lend-lease funds were allocated to the expansion of the Ford tank and aircraft engine factories at Dearborn and Highland Park, and another \$10,000,000 went into the plant at Willow Run. Other substantial lend-lease investments were made in the Chrysler tank arsenal, in the Boeing, Douglas, Bell Aircraft, and General Motors and Sperry Gyroscope war plants; in the certain merchant shipyards and in Navy shipways for building convoy escort vessels; in facilities for the manufacture of smokeless powder, howitzers, incendiary bombs, etc. In many cases lend-lease funds

<sup>\*</sup>Additional information on the lend-lease food program will be found in the chapter, "Lend-Lease and Food," on page 42.

represented 40 percent of the total for building such facilities. Lend-lease money has gone into the construction of war plants and storage depots located in 32 of the 48 States.

## Special Projects

Lend-lease funds have been used in the development of a number of special projects relating to the transportation and delivery of lend-lease goods. One such project is the development of the type of cargo vessel originally known as the Sea Otter, now redesigned and rechristened the Seamobile. A full-scale test model of the Seamobile is under construction. The possibilities of this type of craft are being fully explored.

Lend-lease has also played an important part in the development of improved processes for dehydrating, processing and packaging foods in order to save shipping space. It is due in large part to the lend-lease program that we have learned: how to ship the food equivalent of millions of dozens of fresh eggs in the form of small packets of egg powder; how to make milk powder which preserves the full butterfat content of whole milk; how to produce palatable and nutritious dehydrated pork and beef. These are processes which are proving of immense value—in view of the shortage of shipping—not only to our allies, but to our own forces overseas. Dehydrated and concentrated foods are helping to shorten the war by making more shipping space available for tanks and guns.

## Chapter 3

## LEND-LEASE AND THE WAR FRONTS

Lend-lease supplies sent to our allies during 1942 included many thousand planes and tanks and more than 150,000 trucks, jeeps, and other motor vehicles. Many additional thousands of planes, tanks, and trucks were sent either to our own forces abroad or exported to our allies in fulfillment of direct-purchase contracts.

## Weapons for Offense

We have made great strides this year in supplying combat equipment to the Soviet Union, although we have not been able to send as much as we should like or the Red Army needs, and part of what we have shipped has been lost on the way.

Up to January 1, 1943, the United States had shipped to the Soviet Union under lend-lease more than 3,200 tanks, almost 2,600 planes and 81,000 trucks, jeeps, and other military motor vehicles. This is more than we have sent to the United Kingdom or any other military theatre under lend-lease since the beginning of the lend-lease program in March 1941, although lend-lease aid to Russia did not begin until October 1941—eight months later.

This year we also concentrated on sending combat weapons to Egypt, India, Australia, and New Zealand. Most of our lend-lease planes, tanks, and trucks, outside those sent to Russia, went to these critical combat areas.

At the same time the United Kingdom has lend-leased to the U. S. S. R. more than 2,600 tanks and more than 2,000 planes, almost all of them produced in British factories. In addition the United Kingdom sent great quantities of munitions to Egypt and later to North Africa, to India, and other areas of the Middle East. The British Eighth Army was equipped for its drive from Egypt across Libya with weapons principally produced in the United Kingdom. However, the 1,000 planes, 500 medium tanks, and many anti-tank guns mounted on M-3 tank chassis, that we exported to the British in Egypt between February and November 1942, combined with United States air force squadrons operating on this front, gave the United Nations' forces their decisive edge in air power, armor, and fire power. Incidentally, the General Sherman tanks that proved so successful in this campaign owed their design to the close

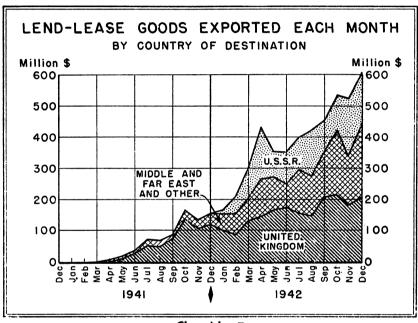


Chart No. 7

collaboration of British and American tank experts, using the benefit of battle experience gained from earlier models.

American and British forces began the North African campaign a month after the drive from Egypt was launched. This action, too, has been from the beginning a combined operation in which lend-lease and reciprocal aid have played their part. Great Britain provided two-thirds of the warships and transports employed in the original landing operations. Sixty percent of the ground forces were American

# LEND-LEASE AID

# Cumulative From March 1941 Through December 31, 1942

## Thousands of Dollars

Түрв ор Агр	United Кімером	Australia, New Zraland, India, Other British Terri- tories, Egypt	U. S. S. R.	Сніма	Отввк	Total
GOODS TRANSFERRED						
Military Items: Ordnance	147,534	130,307	39,639	14,661	41,867	374,008
Ammunition	196,288	303,172	148,288	19,491	14,783	682,022
Aircraft and Parts	344,188	483,188	318,969	37,336	15,119	1,198,800
Tanks and Parts	60,298	255,400	210,305	922	8,790	535,715
Motor Vehicles	55,465	127,588	139,136	25,453	6,664	354,306
Watercraft and Parts	285,112	90,035	15,549	447	6,651	397,794
Miscellaneous	82,773	30,926	39,816	7,025	6,281	166,821
TOTAL	1,171,658	1,420,616	911,702	105,335	100,155	3,709,466

Industrial Materials:						
Machinery	141,369	74,792	62,001	3,603	183	281,948
Metals	251,673	131,390	113,909	8,975	617	506,564
Petroleum Products	252,862	62,427	14,806	3,237	5	333,337
Miscellaneous	269,676	100,758	56,224	5,110	17,043	448,811
Total	915,580	369,367	246,940	20,925	17,848	1,570,660
Foodstuffs	880,891	56,227	101,869		1,553	1,040,540
Miscellaneous	211,778	14,722	513	:		227,013
TOTAL	1,092,669	70,949	102,382		1,553	1,267,553
TOTAL GOODS	3,179,907	1,860,932	1,261,024	126,260	119,556	6,547,679
SERVICES RENDERED						
Ship Repairs, Etc	152,975	80,932	27,656	951	3,383	265,897
Shipping	429,785	227,379	106,160	13,057	59,098	835,479
Production Facilities	175,085	212,206	136,300	15,514	14,960	554,065
Miscellaneous	22,198	11,744	1,090	926	13,625	49,613
TOTAL SERVICES	780,043	532,261	271,206	30,478	91,066	1,705,054

Certain transfer totals include small amounts of goods diverted to United States armed forces after lend-lease transfer, but subject to future replacement.

91,066 210,622

30,478 156,738

1,532,230 271,206

2,393,193 532,261

TOTAL LEND-LEASE AID...

780,043 3,959,950

8,252,733

and the air forces were equally divided. Of the landing craft employed most were American-built. Some had been lend-leased to Britain and were manned by British crews. United States fighter squadrons, on the other hand, flew 160 Spitfires provided by Great Britain under reciprocal aid. Most of the equipment used by United States forces came from American factories, but supplies lend-leased by Britain to our armed forces included such items as 100 miles of portable airfield runways, more than half a million anti-tank mines and grenades, 130 reconnaissance boats, four complete 1,000-bed field hospitals, and medical supplies for 100,000 men. One United States division was completely equipped with British 25-pounders.

On the Russian front combat weapons lend-leased from the United States and Great Britain are playing an increasingly important role in the Soviet's winter offensive, although Soviet-produced weapons continue to make up by far the major part of the Red Army's equipment.

## Aid to Soviet Production

We have also sent to the U. S. S. R. machinery, machine tools, and raw materials such as copper for the production of weapons. These shipments have helped the Soviet Union to maintain its war production in spite of the loss of great industrial areas to the enemy. In some instances, machines and tools have been shipped under lend-lease to replace vital pieces of equipment lost or destroyed when machinery was moved out of the Donets industrial areas ahead of the Nazis to new production centers behind the Urals.

The industrial-equipment program for Russia also includes a small amount of used machinery, such as the Ford tire equipment recently purchased for shipment. This part of the program involves a total cost of only a few million dollars but it will help to fill important gaps in Russian war production. It will also put to effective use in the war effort machinery that, for one reason or another, was largely standing idle in this country.

## Food as a Weapon of War

We were not able to ship much food to the Soviet Union until the very end of 1942 because the limited shipping space available was used principally for munitions. However, the food needs of the Soviet Union have grown progressively more acute and we have now begun shipping much greater quantities of food to the U. S. S. R. We sent more food in December 1942 to the Soviet Union than to the United Kingdom. It is expected that the rate of food shipments to the U. S. S. R. will continue to be higher than to any other country.

Nearly half of all lend-lease shipments to the United Kingdom have been food and other agricultural products. These had a value of a billion dollars up to November 30, 1942. Industrial materials and equipment have also been sent in important quantities. Most lend-lease munitions shipments have gone to British forces in Africa, the Middle and Far East. So far we have shipped twice as many planes and other armaments to the United Kingdom under direct cash purchase as under lend-lease. These represented deliveries on the large cash orders placed here by the United Kingdom in 1939, 1940, and early 1941.

Our food shipments have been only about 10 percent of Britain's total food supply in terms of volume. These food shipments, however, have represented a considerably higher percentage of the proteins and vitamins in the British diet.

Our shipments of industrial materials and equipment have aided the United Kingdom to maintain a volume of war production that is still considerably greater than ours in proportion to population.

## Aid to China

Lend-lease aid to China in 1941 was aimed especially at improving transport over the Burma Road. It resulted in more than doubling monthly tonnage carried over the route. Even then, however, transportation difficulties kept total shipments

comparatively small. Following the loss of Burma, shipments to China were reduced to a trickle, carried principally by cargo planes from India. We have now taken measures which are considerably increasing these plane shipments and we shall also find other means to get to China the arms she needs. Lend-lease shipments to China since the beginning of the lend-lease program include some planes, most of them fighters and trainers, several thousand trucks and some ordnance, ammunition, gasoline, medical and miscellaneous supplies.

## Aid to Other Lend-Lease Countries

About two-thirds of our lend-lease shipments to India have been military supplies, in addition to long-range bombers ferried direct by air. We have also sent India considerable quantities of iron and steel, machinery for its munitions factories and for the construction of airfields and roads.

The majority of lend-lease shipments to Australia, New Zealand and South Africa have been planes, guns, tanks, and other war weapons. These have been in addition to the arms supplied to our own forces.

Lend-lease aid has also been provided to the forces of the Governments in exile—the Netherlands, Norway, Greece, Yugoslavia, Belgium, Poland, and Czechoslovakia—and to Fighting France, Iceland, Turkey, Iran, Iraq, Egypt. Lend-lease services and stores have helped to keep in operation for the United Nations the large Norwegian and Greek merchant fleets.

Aid to the other American republics is partly on a cash reimbursement basis. Brazil has received the largest amount but total lend-lease exports to the American republics have been small, with a value of \$24,000,000 to date. By far the larger part of our exports to Latin America have been direct cash purchase exports.

## Supply Routes and Bases

One of the most important services performed under lendlease has been the development and operation of supply routes and supply bases abroad. Lend-lease played a part in the development of the air ferry route to England in 1941 and later in the ferry route to the Middle East and Russia via the bulge of Brazil, the South Atlantic and across the jungles and deserts of Africa. The African section of this southern route was pioneered by the British as early as 1936. It has been greatly developed in the past 18 months by Great Britain and the United States, working together, with the help of Fighting France. American participation in this enterprise was financed in important measure by lend-lease funds, as well as by army funds. Over this route thousands of planes have been flown to Egypt or North Africa; to Iran, and thence to Russia or to India.

In addition, lend-lease funds helped finance the development of docks, warehouses, supply depots, assembly and repair shops throughout the Red Sea-Persian Gulf area; the building of pipe lines to carry oil to naval and air bases; the shipment of road-building equipment to develop highways and trucks to carry supplies over them, and rails, freight cars, and locomotives to expand the capacity of primitive railroads. This work is continuing. Facilities built with the aid of lend-lease funds throughout this area are now being used by United States Air Force planes, American ships, and American troops.

## Chapter 4

## LEND-LEASE AND FOOD

Food has an important place in the lend-lease program. Food is a weapon of war. In its way it is as essential to winning the war as planes or guns. Germany's unrestricted submarine campaign in the war of 1914–18 was primarily an attempt to knock out England by cutting off her food supply. And food shortages in Germany and Austria resulting from the successful British blockade played a large part in the Allied victory then.

In this war England is again vulnerable on the food front because it must import a large percentage of its food. The United Kingdom has made intensive efforts to increase its agricultural production. It now raises about 60 percent of its total food supply, compared to 40 percent before the war. Much of the rest of its food is being supplied by the Dominions, Colonies, and other areas. The balance comes from the United States under lend-lease.

Strict rationing was introduced early in the war which reduced average British consumption of fats, meat, fish and many other foods to two thirds of the pre-war level. The British people have been limited to a dull diet which affords little choice or variety but which has a minimum nutritive standard high enough in calories to maintain the intensive British war effort. This result has been achieved, in spite of the sharp reduction in quantity and variety, because of lend-lease shipments of dried and concentrated foods from the United States. These bulked small in terms of shipping space, but large in proteins and vitamins.

## Increased Shipments to Russia

Lend-lease food is now also being shipped to the Soviet Union in sharply increased quantities. In 1942, most lendlease food exports went to the United Kingdom. In December, however, we provided more food to the Soviet Union than to Great Britain, and this year we expect that more than half of all lend-lease food shipments will go to the U. S. S. R.

The Russian people have long been on iron rations far more limited even than Great Britain's. The Soviet Union has lost its best agricultural areas to the invader and has now passed through two growing seasons in which most of the adult population has been engaged in the desperate struggle against the Nazis, whether at the front or behind the lines. Meanwhile, established lines of transportation have been interrupted or strained to the limit and great numbers have been driven from their homes. Millions of the Soviet people are threatened with starvation, and the Soviet army needs food as well as tanks. Lend-lease food shipments in 1943 are of number one importance in the Soviet's great battle against the Nazi war machine.

The United States is helping to meet these food requirements of its allies by producing and sharing a total food supply that is the largest in the history of our country. We should be able to meet their needs without difficulty were it not for two other factors: first, food for our own forces (a soldier eats 25 percent more than a civilian); second, a great increase in civilian demand for food caused by higher purchasing power. As a result of the combination of these factors there is not enough of some foods to go around at home without rationing, even with record food production.

## Lend-Lease Food Shipments in 1942

Allocation of the total United States food supply as between the American people and our allies is determined on the basis of first providing for our own armed forces and assuring a supply for the civilian population sufficient to fulfill satisfactory nutrition standards. Once these needs have been met, we are, as a matter of military necessity, aiding our allies as far as we can to meet their pressing food requirements which they cannot fill elsewhere under present war conditions.

In the lend-lease food program we have been concentrating on foods that can be shipped anywhere and that will store well. Lard, cheese, dried milk, concentrated canned goods are examples. Thus we shall be prepared for military developments as they affect the food situation in any part of the world.

Actually, lend-lease requirements last year had little to do with the food shortages that developed in this country. Lend-lease food exports in 1942 represented a small percentage of our total food supply. Of our total supply of beef we exported under lend-lease only one-tenth of one percent. We exported two-tenths of one percent of our veal, lamb, and mutton. Of the five meats now under voluntary rationing, pork was the only one of which we shipped considerable quantities. About 10 percent of our pork supply was exported under lend-lease.

We exported under lend-lease less than 1 percent of our canned vegetables, less than 2 percent of our canned fruits, less than 1 percent of our butter, and less than a tenth of 1 percent of our coffee. The United States armed forces took much larger percentages of the supply of all these items than lend-lease. Greatly increased consumer demand and purchasing power has been the major cause of our shortages of these foods.

Lend-lease shipments of cheese were 23 percent of the total cheese supply. We lend-leased over 20 percent of our dried milk. Nevertheless, lend-lease shipments of all milk products—in terms of fluid milk equivalent—were less than 4 percent of our total milk supply. Cheese is particularly important in lend-lease food shipments, because it supplements the highly restricted meat rations of our allies.

Our production of eggs in 1942 was 4,414,000,000 dozen, which was by far the greatest on record and 15 percent above 1941 production. We shipped 10 percent of our total egg supply, mostly in the form of dried eggs, but less than half of 1 percent of our supply of corn and corn products and wheat and wheat products.

Lend-lease food shipments have been generally small in relation to total United States supply. But their value to the peoples who received them was far greater than the lend-lease percentages of United States supply would indicate.

The following table shows the quantities of major food-

stuffs shipped under lend-lease in 1942, in relation to total United States supply:

## LEND-LEASE FOOD EXPORTS IN RELATION TO SUPPLY Year Ended December 31, 1942

### Millions of Pounds

	Lend- Lease Exports	Supply	Exports in Percent of Supply
All Meats.  Beef. Veal. Lamb and Mutton. Pork. All Milk Products (expressed in terms of fluid milk equivalent). Dry Whole Milk†. Dry Skim Milk†. Condensed and Evaporated Milk†. Butter†. Cheese†. Fats and Oils. Eggs. Fish (frozen and canned). Canned Vegetables. Canned Fruits and Juices.	1,134	22,742	5.0
	18	9,155	0.1
	0	1,110	0.0
	4	1,068	0.4
	1,112	11,409	9.8
	4,272	125,466	3.4
	4	66	6.1
	135	586	23.0
	347	4,842	7.2
	17	*2,294	0.7
	312	1,352	23.1
	723	5,470	13.2
	‡684	6,819	10.0
	156	2,189	7.1
	51	*6,630	0.8
	89	*5,150	1.7
Corn and Corn Products	415	300,048	0.1
	393	118,020	0.3

## The 1943 Lend-Lease Food Program

The lend-lease food program for 1943 will take a much bigger share of many of these products than it did in 1942. In addition to the pressing requirements for the Soviet army and the Soviet people, we must be prepared to meet the new demands that will come when United Nations forces liberate areas now held by the Axis. The food deficiencies of North Africa, urgent as they are until this year's harvest is in, are

<sup>\*</sup> Production. † Included in "All Milk Products." ‡Dried eggs expressed in terms of fresh egg equivalent.

small compared with those of most of oppressed and starving Europe. It is vitally important for the winning of the war that we be prepared to move in rapidly with food in the wake of any military developments that open these areas to the United Nations. Our troops cannot take the offensive successfully in the midst of famine and pestilence, riots and revolution. The British are collaborating in providing supplies for relief purposes, and have already assisted in North Africa by shipping food for the use of the civilian population.

## **British Food Rations**

In the United Kingdom nearly all foods are rationed. The only exceptions of importance are bread, potatoes, and fresh vegetables. Fresh fruit and fresh fish are not rationed because the supply is too small to justify rationing. Some foods are rationed by quantities on a weekly basis and others are under point rationing.

The sugar ration is 8 ounces a week and the butter ration 2 ounces a week. Fresh meats are limited to 24 cents worth a week, or about 18 ounces, depending on the quality of the cut. The bacon ration is 4 ounces, the cheese ration 6 ounces. Chocolate and other sweets are rationed at the rate of 3 ounces a week.

The ration of some food items, including fresh eggs and fluid milk, varies considerably with changes in seasonal supplies. The average for fresh eggs is three per person per month. Dried eggs are rationed at a rate equivalent to four eggs per person per month. Fresh milk is rationed at present at two pints per week per person. During the flush season considerably more milk is available. In addition dried milk is rationed at the rate of one ounce a week. Nursing mothers, children and invalids get special allowances of both milk and eggs.

A variety of foods are under the points rationing scheme. Since last July, 20 points have been allowed per person every four weeks for the purchase of a choice of such foods. Each food product has a fixed point value per pound.

A pound of canned sliced luncheon meat, for instance, is worth 16 points, while a pound can of baked beans with tomato sauce is worth 4 points. Purchase of these two items would use up all the points available for one person over a four weeks' period. Similarly, a housewife who bought a No. 2 size can of pears (12 points) and four eight-ounce packages of puffed wheat (2 points each) would use up all her own points, or her husband's, for four weeks.

Foods under points rationing in Great Britain include canned salmon and other canned fish, various canned meats, rice and tapioca, dried peas and beans, dried fruits, all imported canned fruits, condensed milk, breakfast cereals, syrup and biscuits, canned peas, beans and tomatoes.

The sale of all other canned vegetables has been prohibited since December 1, 1942, in order to build up a reserve for rationing when fresh vegetables are less plentiful.

## Chapter 5

## RECIPROCAL AID

Through outgoing lend-lease the United States seeks to put a share of its material resources to most effective use against the enemy. Through incoming lend-lease, our allies are similarly contributing to our strength.

We have been receiving reciprocal lend-lease aid from our allies since the beginning of the lend-lease program.

Formal provision for reciprocal aid was first made in the Master Agreement concluded with Great Britain February 23, 1942, and in similar agreements subsequently signed with the U. S. S. R., China, the Netherlands, Norway, Poland, Yugoslavia, Czechoslovakia, Greece, and Belgium.

In all of these agreements the signatory governments pledge to strengthen each other's defenses and to contribute thereto such articles, services, facilities and information as they may be able to make available. In each case the agreements state that in the final determination of lend-lease benefits full cognizance shall be taken of all such aid and other benefits provided to the United States by the other government.

These broad principles were reiterated and procedures developed for the provision of reciprocal aid to our armed forces abroad on September 3, 1942, in an exchange of notes between this country and the United Kingdom, Australia, New Zealand, and Fighting France. Other agreements are now under discussion with Belgium, China, and the Netherlands.

The principle followed is to provide mutual aid in such a way as to prevent complications of international exchange from interfering with the most effective possible use of combined United Nations' resources for the common war effort.

Our forces abroad are being provided without dollar payment on our part with most of the supplies and services

furnished to them by our allies. Millions of tons of shipping space and hundreds of millions of dollars have already been saved in this way.

This aid to us is rapidly mounting in value—both in military value and in monetary value. The savings in shipping enable us to build up more rapidly and effectively our offensive strength abroad. The savings in dollars multiply as more of our forces move overseas.

It is not yet possible to estimate how great these savings will be when the fighting ends. We do know that in the last war, the U. S. War Department alone spent more than \$2,000,000,000 in Great Britain and France for supplies, equipment, and services for our troops of the kind that are being provided in this war as reciprocal aid.

In addition, we have received in the United States under reciprocal aid important assistance to our home defenses and much technical and highly secret data on the specifications of certain war weapons which have proved invaluable to our own armed forces.

Most reciprocal aid has been furnished so far by the United Kingdom, Australia, and New Zealand. Aid has also been furnished our forces by the British in India, Egypt, and many parts of the British Colonial Empire, by the Fighting French in New Caledonia, by Belgium in the Congo and by China and South Africa.

## United Kingdom

Reciprocal aid for our forces in the British Isles begins before they leave American ports, for many American troops and U. S. Army supplies bound for the United Kingdom are carried in British transports and are convoyed a large part of the way by the British Navy. In addition United States warships and merchant ships in British ports in many parts of the world are provided with fuel, services, supplies and repairs under reciprocal aid without payment by us.

In the United Kingdom all accommodations and facilities for our troops, including headquarters office space, are furnished without dollar payment on our part. Two-thirds of all

49

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the British Army and civilian labor force available for military construction has been engaged in building hundreds of barracks, airfields, hospitals, supply depots, roads, and other facilities for our forces. The British Government is paying \$240,000 a week in wages for civilian workers in the direct employ of United States forces.

In addition, many existing facilities have been turned over to our use. Maintenance costs of airfields alone run into the tens of millions of dollars and these are paid by the British (the total cost to the British Treasury of new construction for U. S. forces in Britain is estimated by the British to be in excess of half a billion dollars).

The British Government also pays the transportation cost of moving American troops and army supplies within the British Isles.

Supplies other than construction materials furnished as reciprocal aid to our forces in the six months from May to November would have taken 1,200,000 ship-tons if transported from the United States. This is more than the tonnage of supplies we sent to our own forces from the United States during that period.

All British-produced arms requested by our armed forces are supplied without cost as mutual aid. Most of our arms are American-made, but we have received quantities of miscellaneous war supplies. In addition to several hundred Spitfire planes and many field guns and howitzers, the United Kingdom has provided us with 1,450,000 square yards of portable airfield runways and is furnishing several million more. We have received such supplies as 15,000 bombs ranging from 250-pound incendiaries to 2,000-pound block-busters; 70,000 rounds of 6-inch shells; many millions of rounds of small arms ammunition; more than 250,000 anti-tank mines; electric batteries at the rate of 500,000 a month; 500,000 hand grenades; and more than 1,000 parachutes.

The British are in the process of providing us with more than 300,000 camouflage nets. They have agreed to supply our forces in the United Kingdom with 2,000,000 blankets, 2,000,000 sets of underwear, and 4,000,000 pairs of wool socks.

In return we have agreed to provide similar quantities to British and Dominion forces in the Middle and Far East.

U. S. Army engineers have received 1,500 miles of pipe. Several score new hospitals of semi-permanent construction with a bed capacity of 89,000 have been provided. We have received 20,000 one-hundred-pound reels of barbed wire, and millions of sandbags.

Most United States troops receive American Army food rations in Britain, but these are supplemented from the limited British food stocks by fresh vegetables, tea, chocolate, sugar, cereals, and other items. Almost all the bread for our soldiers is now made from the whole-meal "national flour" furnished from British Government stocks under reciprocal lend-lease. Between June 1 and December 31, the British provided our troops with over 38,000,000 pounds of flour, potatoes, fruits, and vegetables and mixed rations. In 1943 the British have agreed to supply more than 290,000,000 pounds of food, including sugar, syrup, jam, and salt in addition to the above items. Canteen supplies are also lend-leased by the British for American troops. Cigarettes are an exception. Our men prefer to smoke American brands.

## Australia.

Australia's aid to us began at Bataan a year ago when she sent shiploads of food to the beleaguered American forces. Some of it got through and helped sustain resistance.

Australia now supplies the greater part of the food rations of our armed forces there. Our men are receiving under reciprocal aid, milk, beef, pork, lamb, fresh fruits and vegetables, most of their field rations, and their canned meats and canned vegetables. They have received 26,900,000 pounds of Australian beef and veal, lamb, mutton and pork, 20,000,000 pounds of potatoes, 1,800,000 dozen eggs, and 5,464,000 quarts of milk among other foodstuffs. These supplies are taking a sizable share of the total food production of a country of only 7,000,000 inhabitants. The Australian people are going short of many things to supply our troops. Civilians were almost unable to obtain potatoes for several months, and

practically the entire supply of pork, canned meats, vegetables, and citrus fruits has been directed to the Allied armed forces. Australia is also undertaking to expand greatly its food production and processing program in order to supply our forces in the Solomons, New Guinea, New Caledonia, and the New Hebrides.

In addition to food we are receiving from Australia as reciprocal aid many facilities such as barracks and airfields. Thousands of trucks and other vehicles have been provided and new roads have been built. Uniform's for United States soldiers and nurses are being made in Australian mills and furnished under incoming lend-lease.

The following list shows the quantities of some of the foods supplied as reciprocal aid by Australia in 1942:

Beef and veal	15,370,027 lbs.
Lamb and mutton	3,247,000 lbs.
Pork, ham and bacon	8,310,628 lbs.
Potatoes	20,030,992 lbs.
Other vegetables and fruits	25,337,328 lbs.
Eggs	1,800,000 dozen.
Butter	3,944,777 lbs.
Milk	5,464,116 qts.

## New Zealand

New Zealand also is providing as reciprocal aid most of the food for United States armed forces stationed there. Our men have received, for example, 16,000,000 pounds of New Zealand beef, pork, veal, lamb, and mutton, 2,000,000 pounds of butter, 3,000,000 pounds of sugar, 1,400,000 dozen eggs. As in Australia, the people of New Zealand have gone without in order to provide these supplies. Civilian shortages of eggs, milk, potatoes, flour, fresh fruit, and cereals have been reported as particularly severe. New Zealand is expanding its capacity for dehydrating foods, has already furnished some clothing and blankets for our troops, and has a program under way to manufacture 400,000 army boots.

Labor and construction resources have also been strained

severely in a country of less than 2,000,000 people in order to carry out work for the United States forces. For a time all cement supplies were reserved for defense work and a great part of the lumber supply as well. Most of these materials went into the construction of facilities for our men. Storage accommodations on a large scale have been constructed and airdromes and naval base facilities extended and improved.

Last August after a severe earthquake had hit Wellington (and it was wintertime there) damage was left unrepaired and rubble remained in the streets for weeks because the New Zealand Government declined to release workers employed on construction projects for United States forces.

The following list shows the quantities of some of the foods supplied as reciprocal aid by New Zealand in 1942:

Beef	10,279,000 lbs.
Mutton	1,721,000 lbs.
Bacon, ham, and pork	4,054,000 lbs.
Potatoes	4,787,000 lbs.
Eggs	1,407,000 dozen.
Butter	
Sugar	3,320,000 lbs.

## China

A reciprocal aid agreement with China is now under negotiation, but without waiting for the agreement China is already furnishing part of the supplies of the United States Air Forces there out of its reserve stocks and has offered to turn back to the United States as reciprocal aid the famous P-40 fighter planes used by the "Flying Tigers" of the American Volunteer Group and originally obtained by purchase from the United States.

## Other Areas

American forces in New Caledonia are receiving reciprocal aid from the Fighting French whenever supplies and services can be provided locally. We are getting important reciprocal aid in India where the manufacture of uniforms for our troops has started. South Africa has provided naval supplies under reciprocal aid. Reciprocal aid has also been furnished to our troops by the British in Egypt, North Africa, the Middle East, the Fiji Islands, and in Iceland.

# Our Home Defense

Soon after Pearl Harbor, Great Britain rushed thousands of barrage balloons to the United States under reciprocal aid which were sent to the west coast for defense against possible Japanese air attack. A considerable number of British anti-aircraft guns are stationed alongside our own in many American cities and they also help to defend the Panama Canal. We have received machine tools for our shipyards and benzol, of which we were short, for aviation gasoline.

Great Britain furnished us with all the specifications for its system of aircraft detection developed during many months of intensive air war, together with much apparatus as well. These have aided our own production of such equipment greatly. In addition there is a constant exchange of full information on the development of new and highly secret weapons.

The best scientific brains of the United States and United Kingdom have been mobilized by the Office of Scientific Research and Development in Washington and its counterpart in London. Through the close collaboration of the two Offices literally thousands of scientists and inventors in both countries have been organized into a single team, although they work separately in many laboratories scattered throughout the United States and United Kingdom. They are engaged on secret assignments, testing, experimenting and developing weapons and techniques for increasing our offensive power and for saving lives through new discoveries in military medicine. The results of their work are freely pooled because the principles of lend-lease working in both directions have been applied to the laboratory as well as to the tank arsenal. In this exchange the United States has been receiving the full benefit of the lessons learned from Britain's hard-won battle experience, which began more than two years before ours. For instance, predictors and fire control gear are now being manufactured on a large scale in the United States from British design.

Great Britain has also aided us in anti-submarine warfare off the Atlantic coast. We have received a number of corvettes and smaller craft under reciprocal aid which are manned by American crews.

Since the resources of the United States available for lend-lease purposes are far greater than those of any of our allies, the dollar value of reciprocal lend-lease aid should not be compared with, nor expected to approach, the dollar value of outgoing lend-lease, even if it could be accurately measured on the same basis. This is not possible in many circumstances. Reciprocal aid is provided to our forces at points scattered all over the world and much of it is provided in combat areas, whereas outgoing lend-lease comes from a central source and can be readily recorded. Nevertheless, even on the basis of records that are likely to remain incomplete, it is already evident that reciprocal aid is a very important benefit to the United States, and an increasingly vital factor in the combined war effort of the United Nations.

# **APPENDICES**

Note: There are included in this section for purposes of convenience most of the principal laws and documents relating to lend-lease. Some of these documents have been included in previous reports, several of which are out of print.

# Appendix I LEND-LEASE ACT

Further to promote the defense of the United States, and for other pur-

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "An Act to Promote the Defense of the United States."

## Section 2.

As used in this Act-

- (a) The term "defense article" means-
  - (1) Any weapon, munition, aircraft, vessel, or boat;
- (2) Any machinery, facility, tool, material, or supply necessary for the manufacture, production, processing, repair, servicing, or operation of any article described in this subsection;
- (3) Any component material or part of or equipment for any article described in this subsection;
- (4) Any agricultural, industrial or other commodity or article for defense.

Such term "defense article" includes any article described in this subsection manufactured or procured pursuant to section 3, or to which the United States or any foreign government has or hereafter acquires title, possession, or control.

(b) The term "defense information" means any plan, specification, design, prototype, or information pertaining to any defense article.

# Section 3.

(a) Notwithstanding the provisions of any other law, the President may, from time to time, when he deems it in the interest of national defense,

authorize the Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government—

- (1) To manufacture in arsenals, factories, and shippards under their jurisdiction, or otherwise procure, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for the government of any country whose defense the President deems vital to the defense of the United States.
- (2) To sell, transfer title to, exchange, lease, lend, or otherwise dispose of, to any such government any defense article, but no defense article not manufactured or procured under paragraph (1) shall in any way be disposed of under this paragraph, except after consultation with the Chief of Staff of the Army or the Chief of Naval Operations of the Navy, or both. The value of defense articles disposed of in any way under authority of this paragraph, and procured from funds heretofore appropriated, shall not exceed \$1,300,000,000. The value of such defense articles shall be determined by the head of the department or agency concerned or such other department, agency, or officer as shall be designated in the manner provided in the rules and regulations issued hereunder. Defense articles procured from funds hereafter appropriated to any department or agency of the Government, other than from funds authorized to be appropriated under this Act, shall not be disposed of in any way under authority of this paragraph except to the extent hereafter authorized by the Congress in the Acts appropriating such funds or otherwise.
- (3) To test, inspect, prove, repair, outfit, recondition, or otherwise to place in good working order, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress or both, any defense article for any such government, or to procure any or all such services by private contract.
- (4) To communicate to any such government any defense information, pertaining to any defense article furnished to such government under paragraph (2) of this subsection.
- (5) To release for export any defense article disposed of in any way under this subsection to any such government.
- (b) The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory.
- (c) After June 30, 1943, or after the passage of a concurrent resolution by the two Houses before June 30, 1943, which declares that the powers conferred by or pursuant to subsection (a) are no longer necessary to promote the defense of the United States, neither the President nor the head of any department or agency shall exercise any of the powers conferred by or pursuant to subsection (a); except that until July 1, 1946, any of such powers may be exercised to the extent necessary to carry out a contract or agree-

ment with such a foreign government made before July 1, 1943, or before the passage of such concurrent resolution, whichever is the earlier.

- (d) Nothing in this Act shall be construed to authorize or to permit the authorization of convoying vessels by naval vessels of the United States.
- (e) Nothing in this Act shall be construed to authorize or to permit the authorization of the entry of any American vessel into a combat area in violation of section 3 of the Neutrality Act of 1939.

### Section 4.

All contracts or agreements made for the disposition of any defense article or defense information pursuant to section 3 shall contain a clause by which the foreign government undertakes that it will not, without the consent of the President, transfer title to or possession of such defense article or defense information by gift, sale, or otherwise, or permit its use by anyone not an officer, employee, or agent of such foreign government.

### Section 5.

- (a) The Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government involved shall, when any such defense article or defense information is exported, immediately inform the department or agency designated by the President to administer section 6 of the Act of July 2, 1940 (54 Stat. 714), of the quantities, character, value, terms of disposition, and destination of the article and information so exported.
- (b) The President from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose. Reports provided for under this subsection shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

## Section 6

- (a) There is hereby authorized to be appropriated from time to time, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to carry out the provisions and accomplish the purposes of this Act.
- (b) All money and all property which is converted into money received under section 3 from any government shall, with the approval of the Director of the Budget, revert to the respective appropriation or appropriations out of which funds were expended with respect to the defense article or defense information for which such consideration is received, and shall be available for expenditure for the purpose for which such expended funds were appropriated by law, during the fiscal year in which such funds are received and the ensuing fiscal year; but in no event shall any funds so received be available for expenditure after June 30, 1946.

### Section 7

The Secretary of War, the Secretary of the Navy, and the head of the department or agency shall in all contracts or agreements for the disposition of any defense article or defense information fully protect the rights of all citizens of the United States who have patent rights in and to any such article or information which is hereby authorized to be disposed of and the payments collected for royalties on such patents shall be paid to the owner and holders of such patents.

### Section 8.

The Secretaries of War and of the Navy are hereby authorized to purchase or otherwise acquire arms, ammunition, and implements of war produced within the jurisdiction of any country to which section 3 is applicable, whenever the President deems such purchase or acquisition to be necessary in the interests of the defense of the United States.

## Section 9.

The President may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out any of the provisions of this Act; and he may exercise any power or authority conferred on him by this Act through such department, agency, or officer as he shall direct.

### Section 10.

Nothing in this Act shall be construed to change existing law relating to the use of the land and naval forces of the United States, except insofar as such use relates to the manufacture, procurement, and repair of defense articles, the communication of information and other noncombatant purposes enumerated in this Act.

### Section 11.

If any provision of this Act or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances shall not be affected thereby.

APPROVED, March 11, 1941.

# Appendix II PUBLIC LAW 23—77th CONGRESS Chapter 30—1st Session

SEC. 3. Any defense article procured from an appropriation made by this Act shall be retained by or transferred to and for the use of such department or agency of the United States as the President may determine, in lieu of being disposed of to a foreign government whenever in the judgment of the President the defense of the United States will be best served thereby.

# Appendix III PUBLIC LAW 282—77th CONGRESS Chapter 460—1st Session

SEC. 102. The President may, from time to time, when he deems it in the interest of national defense, authorize the head of any department or agency of the Government to enter into contracts for the procurement of defense articles, information, or services for the government of any country whose defense the President deems vital to the defense of the United States, to the extent that such government agrees to pay the United States for such defense articles, information, or services prior to the receipt thereof and to make such payments from time to time as the President may require to protect the interests of the United States; and, upon payment of the full cost, the President may dispose of such articles, information, or services to such government: *Provided*, That the total amount of the outstanding contracts under this section, less the amounts which have been paid to the United States under such contracts, shall at no time exceed \$600,000,000.

# Appendix IV PUBLIC LAW 474—77th CONGRESS Chapter 141—2d Session

SEC. 303. The term "defense article" as used in section 102 of the Third Supplemental National Defense Appropriation Act, 1942, approved December 17, 1941 (Public Law 353), in section 102 of the Fourth Supplemental National Defense Appropriation Act, 1942, approved January 30, 1942 (Public Law 422), in section 301 of the Act of February 7, 1942 (Public Law 441), and in section 102 of this Act shall be deemed to include defense information and services, and the expenses in connection with the procurement or supplying of defense articles, information, and services.

# Appendix V PUBLIC LAW 763—77th CONGRESS Chapter 629—2d Session TITLE 11—DEFENSE AID

The funds appropriated in section 1 (d) of the Defense Aid Supplemental Appropriation Act, 1941 (Public Law 23), in section 101 (c) of the Defense Aid Supplemental Appropriation Act, 1942 (Public Law 282), and in section 301 (c) of the Second Defense Aid Supplemental Appropriation Act,

1942 (Public Law 474), shall be deemed to be available retroactively as well as prospectively for the procurement, disposition, or furnishing of any defense information or defense service under the Act entitled "An Act to Promote the Defense of the United States," approved March 11, 1941 (Public Law 11), whether or not such information or service is necessary to or connected with the procurement or disposition of any defense article, and the authority to dispose of defense articles granted in section 102 of the Third Supplemental National Defense Appropriation Act, 1942 (Public Law 353), in section 102 of the Fourth Supplemental National Defense Appropriation Act, 1942 (Public Law 422), in section 301 of the Act of February 7, 1942 (Public Law 441), in sections 102 and 303 of the Fifth Supplemental National Defense Appropriation Act, 1942 (Public Law 474), in section 201 of the Sixth Supplemental National Defense Appropriation Act, 1942 (Public Law 528), in section 103 of this Act, and in any other appropriation Act for the same purpose, shall be deemed to include the authority to procure, dispose of, or furnish any defense information or defense service under said Act of March 11, 1941, whether or not such information or service is necessary to or connected with the procurement or disposition of any defense article.

# Appendix VI

# AMOUNTS OF LEND-LEASE AID AUTHORIZED

# Lend-Lease Act—March 11, 1941

This Act appropriated no money, but empowered the President to transfer a maximum of \$1,300,000,000 of defense articles, obtained with funds appropriated prior to the date of the Act.

# First Lend-Lease Appropriation Act—March 27, 1941

This Act appropriated \$7,000,000,000 for lend-lease, of which \$13,000,000 was transferred to the Treasury Department to cover the cost of 10 Coast Guard cutters turned over to Great Britain.

# First Supplemental Nat'l Defense Approp. Act—August 25, 1941

Title III of this Act added \$1,296,650,000 in appropriated funds and contract authorizations to the Maritime Commission's general funds, established by the 1936 Merchant Marine Act, for ship and facilities construction, and empowered the President to lease vessels constructed or acquired with funds appropriated by this title.

# Second Lend-Lease Appropriation Act—October 28, 1941

Title I of this Act appropriated \$5,985,000,000 for the procurement of defense articles, information and services under the Lend-Lease Act. In addition, it authorized the President to enter into contracts for the procure-

ment of defense articles, information or services for the government of any country whose defense has been deemed vital to the defense of the United States upon the agreement of such country to pay for the same, and also authorized the President to dispose of such articles, information, and services upon payment of the full cost thereof. This authority to contract is limited by the provision that the total amounts remaining to be paid under outstanding contracts shall not exceed \$600,000,000 at any one time.

# Third Supplemental Nat'l Defense Approp. Act—Dec. 17, 1941

Title I of this Act appropriated money to the War Department and changed the provisions of the Lend-Lease Act in regard to the transfer of defense articles. The President was empowered to transfer War Department articles procured from funds appropriated prior to or since March 11, 1941, to the value of \$2,000,000,000. The limitation of \$1,300,000,000, which applied to goods obtained from appropriations made prior to March 11, 1941, was reduced to \$800,000,000, and this new limitation was made to apply only to articles other than War Department articles.

# Fourth Supplemental Nat'l Defense Approp. Act—Jan. 30, 1942

Title I of this Act appropriated money to the War Department and empowered the President to lend-lease War Department articles procured from funds appropriated in this title to the value of \$4,000,000,000. These articles will come principally from the aircraft category and to a lesser extent from ordnance and other categories.

# Naval Appropriation Act—February 7, 1942

Title III of this Act empowered the President to lease, for a period of time not exceeding the duration of the existing emergency, ships to be constructed at a cost not to exceed \$3,900,000,000, and to transfer defense articles procured from funds appropriated by this Act to the value of \$2,500,000,000.

# Fifth Supplemental Nat'l Defense Approp. Act—March 5, 1942

Title I of this Act appropriated money to the War Department and empowered the President to lend-lease defense articles procured from funds appropriated in this title to the value of \$11,250,000,000. These articles will come principally from the ordnance category and to a lesser extent from other categories.

Title II of this Act appropriated to the Maritime Commission additional funds and authorized contracts totaling \$3,850,000,000 for construction of ships and facilities, and empowered the President to lease ships authorized in this title.

Title III of this Act appropriated directly to the President \$5,425,000,000 for lend-lease.

# Sixth Supplemental Nat'l Defense Approp. Act—April 28, 1942

Title I of this Act appropriated money to the War Department and empowered the President to lend-lease defense articles procured from funds therein appropriated up to the value of \$2,220,000,000, and defined "defense article" to include defense information and services, and the expenses incurred in connection with the procurement of defense articles, information and services.

# Military Appropriation Act, 1943—July 2, 1942

This Act appropriated money to the War Department and empowered the President to lend-lease defense articles procured from funds therein appropriated up to the value of \$12,700,000,000, and defined "defense article" to include defense information and services, and the expenses incurred in connection with the procurement of defense articles, information and services.

# Second Suppl. Nat'l Defense Approp. Act, 1943—Oct. 26, 1942

Title I of this Act empowered the President to lend-lease defense articles, information, and services procured from any funds appropriated to the Navy Department subsequent to March 11, 1941 up to a value of \$3,000,000,000 for defense articles (other than ships), information and services, and authorized the leasing of ships without limitation as to amount—the \$3,000,000,000 limitation on the lend-leasing of defense articles, information and services replacing the \$2,500,000,000 limitation imposed by the Naval Appropriation Act of February 7, 1942.

Title II of this Act expressly provided that funds appropriated for lend-lease purposes shall be available retroactively as well as prospectively for the procurement, disposition or furnishing of defense information or defense services whether or not such information or services are necessary to or connected with the procurement or disposition of any defense article.

[For recapitulation of foregoing appropriation acts, see following page.]

# RECAPITULATION OF AID AUTHORIZED

The amount of lend-lease aid that may be provided under the various acts is summarized as follows:

Lend-Lease Appropriations to the President	
First Lend-Lease Appropriation	\$7,000,000,000
Second Lend-Lease Appropriation	5,985,000,000
Third Lend-Lease Appropriation (Fifth Supp. 1942)	5,425,000,000
Total	18,410,000,000
Transfers Authorized From Other Appropriations	
War Department—Third Supplemental, 1942	\$2,000,000,000
War Department—Fourth Supplemental, 1942	4,000,000,000
War Department—Fifth Supplemental, 1942	11,250,000,000
War Department—Sixth Supplemental, 1942	2,220,000,000
War Department—Military Appropriation Act, 1943	12,700,000,000
Navy Department—Second Supplemental, 1943	3,000,000,000
Departments other than War—Third Supplemental, 1942.	800,000,000
Total	35,970,000,000
Value of Ships Which May Be Leased	
Maritime Commission—First Supplemental, 1942	1,296,650,000
Maritime Commission—Fifth Supplemental, 1942	3,850,000,000
Navy Department—Naval Appropriation Act, 1942	no limitation as
• •	to amount)

NOTE.—Title III of the Naval Appropriation Act of February 7, 1942, authorized the leasing of specified naval ships to be constructed at a cost not exceeding \$3,900,000,000. Under Title I of the Second Supplemental National Defense Appropriation Act, 1943, however, naval ships may be leased, but not otherwise disposed of, without limitation as to amount.

In previous reports, the value of ships which may be leased was included in the table of transfers authorized. It is more accurate to separate this item since the appropriation acts provide that the ships may only be leased.

# Appendix VII

# EXECUTIVE ORDER ESTABLISHING OFFICE OF LEND-LEASE ADMINISTRATION

By virtue of the authority vested in me by the Constitution and statutes of the United States, and particularly by the Act of March 11, 1941, entitled "An Act further to promote the defense of the United States and for other purposes" (hereafter referred to as the Act), and by the Defense Aid

Supplemental Appropriation Act, 1941, approved March 27, 1941, and acts amendatory or supplemental thereto, in order to define further the functions and duties of the Office for Emergency Management of the Executive Office of the President in respect to the national emergency as declared by the President on May 27, 1941, and in order to provide for the more effective administration of those Acts in the interests of national defense, it is hereby ordered as follows:

- 1. There shall be in the Office for Emergency Management of the Executive Office of the President an Office of Lend-Lease Administration, at the head of which shall be an Administrator, appointed by the President, who shall receive compensation at such rate as the President shall approve and, in addition, shall be entitled to actual and necessary transportation, subsistence, and other expenses incidental to the performance of his duties.
- 2. Subject to such policies as the President may from time to time prescribe, the Administrator is hereby authorized and directed, pursuant to Section 9 of the Act, to exercise any power or authority conferred upon the President by the Act and by the Defense Aid Supplemental Appropriation Act, 1941 and any acts amendatory or supplemental thereto, with respect to any nation whose defense the President shall have found to be vital to the defense of the United States: *Provided*, That the master agreement with each nation receiving lend-lease aid, setting forth the general terms and conditions under which such nation is to receive such aid, shall be negotiated by the State Department, with the advice of the Economic Defense Board and the Office of Lend-Lease Administration.
- 3. The Administrator shall make appropriate arrangements with the Economic Defense Board for the review and clearance of lend-lease transactions which affect the economic defense of the United States as defined in Executive Order No. 8839 of July 30, 1941.
- 4. Within the limitation of such funds as may be made available for that purpose, the Administrator may appoint one or more Deputy or Assistant Administrators and other personnel, delegate to such Deputy or Assistant Administrators any power or authority conferred by these orders, and make provision for such supplies, facilities, and services as shall be necessary to carry out the provisions of this Order. In so far as practicable, the Office of Lend-Lease Administration shall use such general business services and facilities as may be made available to it through the Office for Emergency Management.
- 5. Executive Order No. 8751 of May 2, 1941, establishing the Division of Defense Aid Reports and defining its functions and duties, is hereby revoked.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE,
October 28, 1941.



# Appendix VIII

# COMBINED BOARDS

# Announcement of January 26, 1942

The powers and functions of the Combined Boards were defined by President Roosevelt and Prime Minister Churchill as follows:

## Combined Raw Materials Board.

A planned and expeditious utilization of the raw material resources of the United Nations is necessary in the prosecution of the war. To obtain such a utilization of our raw material resources in the most efficient and speediest possible manner, we hereby create the "Combined Raw Materials Board."

### This Board will:

- (a) Be composed of a representative of the British Government and a representative of the United States Government. The British member will represent and act under the instruction of the Minister of Supply. The Board shall have power to appoint the staff necessary to carry out its responsibilities.
- (b) Plan the best and speediest development, expansion and use of the raw material resources, under the jurisdiction or control of the two Governments, and make the recommendations necessary to execute such plans. Such recommendations shall be carried out by all parts of the respective Governments.
- (c) In collaboration with others of the United Nations work toward the best utilization of their raw material resources, and, in collaboration with the interested nation or nations, formulate plans and recommendations for the development, expansion, purchase, or other effective use of their raw materials.

# Munitions Assignments Board.

- 1. The entire munition resources of Great Britain and the United States will be deemed to be in a common pool, about which the fullest information will be interchanged.
- 2. Committees will be formed in Washington and London under the Combined Chiefs of Staff in a manner similar to the South-West Pacific Agreement. These Committees will advise on all assignments both in quantity and priority, whether to Great Britain and the United States or other of the United Nations in accordance with strategic needs.
- 3. In order that these Committees may be fully apprised of the policy of their respective Governments, the President will nominate a civil Chairman who will preside over the Committee in Washington, and the Prime Minister of Great Britain will make a similar nomination in respect of the Committee in London. In each case the Committee will be assisted by a

Secretariat capable of surveying every branch and keeping in touch with the work of every subcommittee as may be necessary.

4. The Civilian Chairmen in Washington and London may invite representatives of the State Department, the Foreign Office, or production ministries or agencies to attend meetings.

# Combined Shipping Adjustment Board

1. In principle, the shipping resources of the two countries will be deemed to be pooled. The fullest information will be interchanged.

2. Owing to the military and physical facts of the situation around the British Isles, the entire movement of shipping now under the control of Great Britain will continue to be directed by the Ministry of War Transport.

3. Similarly, the appropriate Authority in the United States will continue to direct the movements and allocations of United States shipping, or

shipping of other Powers under United States control.

- 4. In order to adjust and concert in one harmonious policy the work of the British Ministry of War Transport and the shipping authorities of the United States Government, there will be established forthwith in Washington a combined shipping adjustment board, consisting of a representative of the United States and a representative of the British Government, who will represent and act under the instructions of the British Minister of War Transport.
- 5. A similar adjustment board will be set up in London consisting of the Minister of War Transport and a representative of the United States Government.
- 6. In both cases the executive power will be exercised solely by the appropriate shipping agency in Washington and by the Minister of War Transport in London.

# Announcements of June 9, 1942 and November 10, 1942

# Combined Production and Resources Board.

The text of the joint statement issued by the President and the Prime Minister of June 9th, announcing the setting up of the Combined Production and Resources Board, was revised on November 10, 1942, to read as follows:

To complete the organization needed for the most effective use of the combined resources of North America (United States and Canada) and the United Kingdom, for the prosecution of the war, there is hereby established a Combined Production and Resources Board.

- 1. The Board shall consist of the Chairman of the War Production Board, representing the United States, the Minister of Production, representing the United Kingdom, and the Minister of Munitions and Supply, representing Canada.
  - 2. The Board shall—
    - (a) Combine the Production programs of the United States, the United Kingdom and Canada, into a single integrated program, adjusted



to the strategic requirements of the war, as indicated to the Board by the Combined Chiefs of Staff, and to all relevant production factors. In this connection, the Board shall take account of the need for maximum utilization of the productive resources available to the United States, the British Commonwealth of Nations and the United Nations, the need to reduce demands on shipping to a minimum, and the essential needs of the civilian populations.

(b) In close collaboration with the Combined Chiefs of Staff, assure the continuous adjustment of the combined production program to

meet changing military requirements.

3. To this end, the Combined Chiefs of Staff and the Combined Munitions Assignment Board shall keep the Combined Production and Resources Board currently informed concerning military requirements, and the Combined Production and Resources Board shall keep the Combined Chiefs of Staff and the Combined Munitions Assignment Board currently informed

concerning the facts and possibilities of production.

4. To facilitate continuous operation, the members of the Board shall each appoint a Deputy; and the Board shall form a combined staff. The Board shall arrange for such conferences among United States and United Kingdom and Canadian personnel as it may from time to time deem necessary or appropriate to study particular production needs; and utilize the Joint War Production Staff in London, the Combined Raw Materials Board, the Joint Aircraft Committee, and other existing combined or national agencies for war production in such manner and to such extent as it shall deem necessary.

# Combined Food Board

By virtue of the authority vested in me by the Constitution and as President of the United States, and acting jointly and in full accord with the Prime Minister of Great Britain, I hereby authorize, on the part of the Government of the United States, the creation of a joint Great Britain-United States board to be known as the Combined Food Board.

In order to coordinate further the prosecution of the war effort by obtaining a planned and expeditious utilization of the food resources of the United Nations, there is hereby established a Combined Food Board.

The Board will be composed of the Secretary of Agriculture and of the Head of the British Food Mission who will represent and act under the instruction of the Minister of Food.

The duties of the Board shall be:

To consider, investigate, enquire into, and formulate plans with regard to any question in respect of which the Governments of the U. S. A. and the U. K. have, or may have, a common concern, relating to the supply, production, transportation, disposal, allocation or distribution, in or to any part of the world, of foods, agricultural materials from which foods are derived, and equipment and nonfood materials ancillary to the production of such foods and agricultural materials, and to make recommendations to the Governments of the U. S. A. and the U. K. in respect of any such question;

To work in collaboration with others of the United Nations toward the best utilization of their food resources, and, in collaboration with the interested nation or nations, to formulate plans and recommendations for the development, expansion, purchase, or other effective use of their food resources.

The Board shall be entitled to receive from any agency of the Government of the United States and any department of the Government of the United Kingdom any information available to such agency or department relating to any matter with regard to which the Board is competent to make recommendations to those Governments, and, in principle, the entire food resources of Great Britain and the United States will be deemed to be in a common pool, about which the fullest information will be interchanged.

# Members of the Combined Boards

# Combined Chiefs of Staff:

Members for United States: Admiral William D. Leahy

Gen. George C. Marshall

Admiral E. J. King

Lieut. Gen. H. H. Arnold

Members for the United Kingdom: Field Marshal Sir John Dill

Lieut. Gen. G. N. MacReady Air Marshal D. C. S. Evill Admiral Sir Percy Noble

# Munitions Assignment Board:

Washington-Chairman: Harry L. Hopkins

Executive: Major General J. H. Burns

Members for the United States: Admiral J. M. Reeves

Lieut. Gen. B. B. Somervell Major General Richard C. Moore Major General G. E. Stratemeyer

Members for the United Kingdom: Admiral Sir Percy Noble

Lieut. Gen. G. N. MacReady Air Marshal D. C. S. Evill

London-Chairman: Captain Oliver Lyttelton, Minister of Production

Members for the United States: Captain T. A. Solberg

Major General J. K. Crain Brigadier General A. J. Lyon Colonel D. C. MacKeachie

Members for the United Kingdom: Rear Admiral R. R. McGrigor

Lieut. Gen. R. M. Weeks Air Chief Marshal Sir Christo-

• pher L. Courtney

# Combined Production and Resources Board:

Member for the United States: Donald M. Nelson

Member for the United Kingdom: Captain Oliver Lyttelton

(Sir Robert J. Sinclair, Deputy)

Member for Canada: C. D. Howe

(E. P. Taylor, Deputy)

# Combined Raw Materials Board:

Member for the United States: William L. Batt

(Howard C. Sykes, Deputy-Execu-

tive Secretary)

Member for the United Kingdom: Sir Clive Baillieu

(George Archer, Executive Secre-

tary)

## Combined Food Board:

Member for the United States: Claude R. Wickard

(Leslie A. Wheeler, Executive Officer)

Member for the United Kingdom: Robert H. Brand

(Maurice I. Hutton, Executive

Officer)

# Combined Shipping Adjustment Board:

Washington:

Member for the United States: Rear Admiral Emory S. Land

(Lewis Douglas, Deputy)

Member for the United Kingdom: Sir Arthur Salter

London:

Member for the United States: W. Averell Harriman Member for the United Kingdom: Lord Leathers

# Appendix IX

# RUSSIAN MASTER AGREEMENT

Agreement between the United States of America and the Union of Soviet Socialist Republics on the principles applying to mutual aid in the prosecution of the war against aggression.

Whereas the Governments of the United States of America and the Union of Soviet Socialist Republics declare that they are engaged in a cooperative undertaking, together with every other nation or people of like mind, to the end of laying the bases of a just and enduring world peace securing order under law to themselves and all nations;

And whereas the Governments of the United States of America and the Union of Soviet Socialist Republics, as signatories of the Declaration by United Nations of January 1, 1942, have subscribed to a common program of purposes and principles embodied in the Joint Declaration, known as the Atlantic Charter, made on August 14, 1941, by the President of the United States of America and the Prime Minister of the United Kingdom of Great Britain and Northern Ireland, the basic principles of which were adhered to by the Government of the Union of Soviet Socialist Republics on September 24, 1941;

And whereas the President of the United States of America has determined, pursuant to the act of Congress of March 11, 1941, that the defense of the Union of Soviet Socialist Republics against aggression is vital to the defense of the United States of America;

And whereas the United States of America has extended and is continuing to extend to the Union of Soviet Socialist Republics aid in resisting aggression;

And whereas it is expedient that the final determination of the terms and conditions upon which the Government of the Union of Soviet Socialist Republics receives such aid and of the benefits to be received by the United States of America in return therefor should be deferred until the extent of the defense aid is known and until the progress of events makes clearer the final terms and conditions and benefits which will be in the mutual interests of the United States of America and the Union of Soviet Socialist Republics and will promote the establishment and maintenance of world peace;

And whereas the Governments of the United States of America and the Union of Soviet Socialist Republics are mutually desirous of concluding now a preliminary agreement in regard to the provision of defense aid and in regard to certain considerations which shall be taken into account in determining such terms and conditions and the making of such an agreement has been in all respects duly authorized, and all acts, conditions and formalities which it may have been necessary to perform, fulfill or execute prior to the making of such an agreement in conformity with the laws either of the United States of America or of the Union of Soviet Socialist Republics have been performed, fulfilled or executed as required;

The undersigned, being duly authorized by their respective Governments for that purpose, have agreed as follows:

# Article 1

The Government of the United States of America will continue to supply the Government of the Union of Soviet Socialist Republics with such defense articles, defense services, and defense information as the President of the United States of America shall authorize to be transferred or provided.

# Article II

The Government of the Union of Soviet Socialist Republics will continue to contribute to the defense of the United States of America and the

strengthening thereof and will provide such articles, services, facilities or information as it may be in a position to supply.

### Article III

The Government of the Union of Soviet Socialist Republics will not without the consent of the President of the United States of America transfer title to, or possession of, any defense article or defense information transferred to it under the Act of March 11, 1941 of the Congress of the United States of America or permit the use thereof by anyone not an officer, employee, or agent of the Government of the Union of Soviet Socialist Republics.

### Article IV

If, as a result of the transfer to the Government of the Union of Soviet Socialist Republics of any defense article or defense information, it becomes necessary for that Government to take any action or make any payment in order fully to protect any of the rights of a citizen of the United States of America who has patent rights in and to any such defense article or information, the Government of the Union of Soviet Socialist Republics will take such action or make such payment when requested to do so by the President of the United States of America.

### Article V

The Government of the Union of Soviet Socialist Republics will return to the United States of America at the end of the present emergency, as determined by the President of the United States of America, such defense articles transferred under this Agreement as shall not have been destroyed, lost or consumed and as shall be determined by the President to be useful in the defense of the United States of America or of the Western Hemisphere or to be otherwise of use to the United States of America.

### Article VI

In the final determination of the benefits to be provided to the United States of America by the Government of the Union of Soviet Socialist Republics full cognizance shall be taken of all property, services, information, facilities, or other benefits or considerations provided by the Government of the Union of Soviet Socialist Republics subsequent to March 11, 1941, and accepted or acknowledged by the President on behalf of the United States of America.

# Article VII

In the final determination of the benefits to be provided to the United States of America by the Government of the Union of Soviet Socialist Republics in return for aid furnished under the Act of Congress of March 11, 1941, the terms and conditions thereof shall be such as not to burden commerce between the two countries, but to promote mutually advantageous economic relations between them and the betterment of worldwide economic relations. To that end, they shall include provision for agreed

action by the United States of America and the Union of Soviet Socialist Republics, open to participation by all other countries of like mind, directed to the expansion, by appropriate international and domestic measures, of production, employment, and the exchange and consumption of goods, which are the material foundations of the liberty and welfare of all peoples; to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers; and, in general, to the attainment of all the economic objectives set forth in the Joint Declaration made on August 14, 1941, by the President of the United States of America and the Prime Minister of the United Kingdom, the basic principles of which were adhered to by the Government of the Union of Soviet Socialist Republics on September 24, 1941.

At an early convenient date, conversations shall be begun between the two Governments with a view to determining, in the light of governing economic conditions, the best means of attaining the above-stated objectives by their own agreed action and of seeking the agreed action of other like-minded Governments.

## Article VIII

This Agreement shall take effect as from this day's date. It shall continue in force until a date to be agreed upon by the two Governments.

Signed and sealed at Washington in duplicate this eleventh day of June, 1942.

For the Government of the United States of America

CORDELL HULL,

Secretary of State of the United States of America.

For the Government of the Union of Soviet Socialist Republics

MAXIM LITVINOFF,

Ambassador of the Union of Soviet Socialist Republics at Washington.

The following is an exchange of notes between the Secretary of State and the Ambassador of the Union of Soviet Socialist Republics at Washington:

Department of State,

Washington, June 11, 1942.

### EXCELLENCY:

In connection with the signature on this date of the Agreement between our two Governments on the Principles Applying to Mutual Aid in the Prosecution of the War Against Aggression, I have the honor to confirm our understanding that this Agreement replaces and renders inoperative the two prior arrangements on the same subject between our two Governments, the most recent of which was expressed in the exchange of communications between the President and Mr. Stalin dated respectively February 13, February 20, and February 23, 1942.

Accept, Excellency, the renewed assurances of my highest consideration.

CORDELL HULL,

Secretary of State of the United States of America.

His Excellency MAXIM LITVINOFF,

Ambassador of the Union of Soviet Socialist Republics.

### EXCELLENCY:

In connection with the signature on this date of the Agreement between our two Governments on the Principles Applying to Mutual Aid in the Prosecution of the War Against Aggression, I have the honor to confirm our understanding that this Agreement replaces and renders inoperative the two prior arrangements on the same subject between our two Governments, the most recent of which was expressed in the exchange of communications between the President and Mr. Stalin dated respectively February 13, February 20, and February 23, 1942.

Accept, Excellency, the renewed assurances of my highest consideration.

MAXIM LITVINOFF,

Ambassador of the Union of Soviet Socialist Republics at Washington. His Excellency Cordell Hull,

Secretary of State of the United States of America,

Washington, D. C.

# Appendix X

# DECLARATION BY UNITED NATIONS

A Joint Declaration by the United States of America, the United Kingdom of Great Britain and Northern Ireland, the Union of Soviet Socialist Republics, China, Australia, Belgium, Canada, Costa Rica, Cuba, Czechoslovakia, Dominican Republic, El Salvador, Greece, Guatemala, Haiti, Honduras, India, Luxembourg, Netherlands, New Zealand, Nicaragua, Norway, Panama, Poland, South Africa, Yugoslavia.

The Governments signatory hereto,

Having subscribed to a common program of purposes and principles embodied in the Joint Declaration of the President of the United States of America and the Prime Minister of the United Kingdom of Great Britain and Northern Ireland dated August 14, 1941, known as the Atlantic Charter,

Being convinced that complete victory over their enemies is essential to defend life, liberty, independence and religious freedom, and to preserve human rights and justice in their own lands as well as in other lands, and that they are now engaged in a common struggle against savage and brutal forces seeking to subjugate the world, DECLARE:

(1) Each Government pledges itself to employ its full resources, military or economic, against those members of the Tripartite Pact and its adherents with which such government is at war.

(2) Each Government pledges itself to cooperate with the Governments signatory hereto and not to make a separate armistice or peace

with the enemies.

The foregoing declaration may be adhered to by other nations which are, or which may be, rendering material assistance and contributions in the struggle for victory over Hitlerism.

Done at Washington

January First 1942

The Republic of Costa Rica by Luis Fernandez

The Republic of Cuba

by Aurelio F. Concheso

Czechoslovak Republic

by V. S. Hurban

The Dominican Republic

by J. M. Troncoso The Republic of El Salvador

by C. A. Alfaro

The Kingdom of Greece by Cimon P. Diamantopoulos

The Republic of Guatemala

by Enrique Lopez-Herrarte

The United States of America by Franklin D. Roosevelt

The United Kingdom of Great Britain and Northern Ireland

by Winston Churchill

On behalf of the Government of the Union of Soviet Socialist Republics by Maxim Litvinoff,

Ambassador

National Government of the Re- India public of China

Tse Vung Soong,

Minister for Foreign Affairs

The Commonwealth of Australia by R. G. Casey

The Kingdom of Belgium by Cte. R. v. d. Straten

Canada

by Leighton McCarthy

The Grand Duchy of Luxembourg by Hugues Le Gallais

The Kingdom of the Netherlands

by A. Loudon

Signed on behalf of the Govt. of the Dominion of New Zealand

by Frank Langstone

The Republic of Nicaragua by Leon DeBayle

The Kingdom of Norway

by W. Munthe de Morgenstierne

The Republic of Panama by Jaen Guardia

The Republic of Poland *by* Jan Ciechanowski

La Republique d'Haiti

par Fernand Dennis

The Republic of Honduras by Julian R. Caceres

by Girja Shankar Bajpai The Union of South Africa

by Ralph W. Close

The Kingdom of Yugoslovaia by Constantin A. Fotitch

Note: Mexico, The Commonwealth of the Philippines, and Ethiopia have since adhered to the Declaration by United Nations.

# Appendix XI

# RECIPROCAL-AID AGREEMENTS

Reciprocal-aid agreements with United Kingdom, Australia, New Zealand and Fighting France were concluded September 3, 1942, by the following exchanges of notes. The first three agreements were signed in Washington and the agreement with Fighting France was signed in London.

# Agreement with United Kingdom

The Honorable Cordell Hull,

Secretary of State, United States Department of State,

Washington, D. C.

Sire: In the United Nations declaration of January 1, 1942, the contracting governments pledged themselves to employ their full resources, military or economic, against those nations with which they are at war and in the Agreement of February 23, 1942, each contracting government undertook to provide the other with such articles, services, facilities or information useful in the prosecution of their common war undertaking as each may be in a position to supply. It is further the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland that the general principle to be followed in providing mutual aid as set forth in the said Agreement of February 23, 1942, is that the war production and the war resources of both Nations should be used by the armed forces of each and of the other United Nations in ways which most effectively utilize the available materials, manpower, production facilities and shipping space.

With a view, therefore, to supplementing Article 2 and Article 6 of the Agreement of February 23, 1942, between our two Governments for the provision of reciprocal aid, I have the honour to set forth below the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland of the principles and procedures applicable to the provision of aid by the Government of the United Kingdom of Great Britain and Northern Ireland to the armed forces of the United States and the manner in which such aid will be correlated with the maintenance of those forces

by the United States Government.

1. While each Government retains the right of final decision, in the light of its own potentialities and responsibilities, decisions as to the most effective use of resources shall, so far as possible, be made in common,

pursuant to common plans for winning the war.

2. As to financing the provision of such aid, within the fields mentioned below, it is the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland that the general principle to be applied, to the point at which the common war effort is most effective, is that as large a portion as possible of the articles and services which each Government may authorize to be provided to the other shall be in the form of reciprocal aid so that the need of each Government for the currency of the other may be reduced to a minimum.

It is accordingly the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland that the United States Government will provide, in accordance with the provisions of, and to the extent authorized under, the Act of March 11, 1941, the share of its war production made available to the United Kingdom. The Government of the United Kingdom will provide on the same terms and as reciprocal aid so much of its war production made available to the United States as it authorizes in accordance with the Agreement of February 23, 1942.

3. The Government of the United Kingdom will provide the United States or its armed forces with the following types of assistance as such reciprocal aid, when it is found that they can most effectively be procured in the United Kingdom or in the British Colonial Empire:

(a) Military equipment, munitions, and military and naval stores.

(b) Other supplies, materials, facilities, and services for the United States forces, except for the pay and allowances of such forces, administrative expenses, and such local purchases as its official establishments may make other than through the official establishments of the Government of the United Kingdom as specified in paragraph 4.

(c) Supplies, materials, and services needed in the construction of military projects, tasks and similar capital works required for the common war effort in the United Kingdom or in the British Colonial Empire, except for the wages and salaries of United States citizens.

- (d) Supplies, materials and services needed in the construction of such military projects, tasks and capital works in territory other than the United Kingdom or the British Colonial Empire or territory of the United States to the extent that the United Kingdom or the British Colonial Empire is a more practicable source of supply than the United States or another of the United Nations.
- 4. The practical application of the principles formulated in this note, including the procedure by which requests for aid by either Government are made and acted upon, shall be worked out as occasion may require by agreement between the two Governments, acting when possible through their appropriate military or civilian administrative authorities. Requests by the United States Government for such aid will be presented by duly authorized authorities of the United States to official agencies of the United Kingdom which will be designated or established in London and in the areas where United States forces are located for the purpose of facilitating the provision of reciprocal aid.
- 5. It is the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland that all such aid, as well as other aid, including information, received under Article 6 of the Agreement of February 23, 1942, accepted by the President of the United States or his authorized representatives from the Government of the United Kingdom will be received as a benefit to the United States under the Act of March 11, 1941. Insofar as circumstances will permit, appropriate record of aid received under this arrangement, except for miscellaneous facilities and services, will be kept by each Government.

If the Government of the United States concurs in the foregoing, I would suggest that the present note and your reply to that effect be regarded as placing on record the understanding of our two Governments in this matter.

I have the honour to be, with the highest consideration, Sir, your most

obedient, humble servant.

HALIFAX.

His Excellency the Right Honorable The Viscount Hallfax, K. G., British Ambassador.

EXCELLENCY: I have the honor to acknowledge the receipt of Your Excellency's note of today's date concerning the principles and procedures applicable to the provision of aid by the Government of the United Kingdom of Great Britain and Northern Ireland to the armed forces of the United States of America.

In reply I wish to inform you that the Government of the United States agrees with the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland as expressed in that note. In accordance with the suggestion contained therein, your note and this reply will be regarded as placing on record the understanding between our two Governments in this matter.

This further integration and strengthening of our common war effort gives me great satisfaction.

Accept, Sir, the renewed assurances of my highest consideration.

CORDELL HULL,

Secretary of State of the United States of America.

# Agreement with Australia

The Honorable Cordell Hull, Secretary of State, Washington, D. C.

Sir: As contracting parties to the United Nations Declaration of January 1, 1942, the Governments of the United States of America and the Commonwealth of Australia pledged themselves to employ their full resources, military and economic, against those nations with which they are at war.

With regard to the arrangements for mutual aid between our two governments, I refer to the agreement signed at Washington on February 23, 1942, between the Governments of the United States of America and the United Kingdom on principles applying to mutual aid in the present war authorized and provided for by the Act of Congress of March 11, 1941, and have the honour to inform you that the Government of the Commonwealth of Australia accepts the principles therein contained as governing the provision of mutual aid between itself and the Government of the United States of America.

It is the understanding of the Government of the Commonwealth of Australia that the general principle to be followed in providing such aid is that the war production and war resources of both nations should be used by the armed forces of each, in the ways which most effectively utilize available materials, manpower, production facilities and shipping space.

I now set forth the understanding of the Government of the Common-wealth of Australia of the principles and procedure applicable to the provision of aid by the Government of the Commonwealth of Australia to the armed forces of the United States and the manner in which such aid will be correlated with the maintenance of those forces by the United States Government.

1. While each Government retains the right of final decision, in the light of its own potentialities and responsibilities, decisions as to the most effective use of resources shall, so far as possible, be made in common,

pursuant to common plans for winning the war.

2. As to financing the provision of such aid, within the fields mentioned below, it is my understanding that the general principles to be applied to the point at which the common war effort is most effective, is that as large a portion as possible of the articles and services which each Government may authorize to be provided to the other shall be in the form of reciprocal aid so that the need of each Government for the currency of the other may be reduced to a minimum.

It is accordingly my understanding that the United States Government will provide, in accordance with the provisions of, and to the extent authorized under, the Act of March 11, 1941, the share of its war production made available to Australia. The Government of Australia will provide on the same terms and as reciprocal aid so much of its war production made available to the United States as it authorizes in accordance with the principles enunciated in this note.

3. The Government of Australia will provide as reciprocal aid the following types of assistance to the armed forces of the United States in Australia or its territories and in such other cases as may be determined by common agreement in the light of the development of the war:

(a) Military equipment, ammunition and military and naval stores.

- (b) Other supplies, materials, facilities and services for the United States forces except for the pay and allowances of such forces, administrative expenses, and such local purchases as its official establishments may make other than through the official establishments of the Australian Government as specified in paragraph 4.
- (c) Supplies, materials and services needed in the construction of military projects, tasks and similar capital works required for the common war effort in Australia and in such other places as may be determined, except for the wages and salaries of United States citizens.
- 4. The practical application of the principles formulated in this note, including the procedure by which requests for aid by either Government are made and acted upon, shall be worked out as occasion may require by agreement between the two Governments, acting when possible through their appropriate military or civilian administrative authorities. Requests by the United States Government for such aid will be presented by duly authorized authorities of the United States to official agencies of the Commonwealth of Australia which will be designated or established in Can-

berra and in the areas where United States forces are located for the purpose

of facilitating the provision of reciprocal aid.

5. It is my understanding that all such aid accepted by the President of the United States or his authorized representatives from the Government of Australia will be received as a benefit to the United States under the Act of March 11, 1941. Insofar as circumstances will permit appropriate record of aid received under this arrangement, except for miscellaneous facilities and services, will be kept by each Government.

If the Government of the United States concurs in the foregoing, I would suggest that the present note and your reply to that effect be regarded as placing on record the understanding of our two Governments in this

matter.

I have the honor to be with the highest consideration, Sir, your obedient servant,

Owen Dixon.

The Honorable Sir Owen Dixon, K. C. M. G.,

Minister of Australia.

Sir: I have the honor to acknowledge receipt of your note of today's date concerning the principles and procedures applicable to the provision of aid by the Government of the Commonwealth of Australia to the armed forces of the United States of America.

In reply I have the honor to inform you that the Government of the United States of America likewise accepts the principles contained in the agreement of February 23, 1942, between it and the Government of the United Kingdom as governing the provision of mutual aid between the Governments of the United States and of the Commonwealth of Australia. My Government agrees with the understanding of the Government of the Commonwealth of Australia as expressed in your note of today's date, and, in accordance with the suggestion contained therein, your note and this reply will be regarded as placing on record the understanding between our two Governments in this matter.

This further integration and strengthening of our common war effort gives me great satisfaction.

Accept, Sir, the renewed assurances of my highest consideration.

. CORDELL HULL, Secretary of State of the United States of America.

# Agreement with New Zealand.

The Honorable Cordell Hull,

Secretary of State,

United States Department of State,

Washington, D. C.

Sir: As contracting parties to the United Nations Declaration of January 1, 1942, the Governments of the United States of America and New Zealand pledged themselves to employ their full resources, military and economic, against those nations with which they are at war.

In the Agreement of February 23, 1942, between the Governments of the United Kingdom and of the United States of America, the provisions and principles of which the Government of New Zealand considers applicable to its relations with the Government of the United States, each contracting Government undertook to provide the other with such articles, services, facilities, or information useful in the prosecution of their common war undertaking as each may be in a position to supply.

It is the understanding of the Government of New Zealand that the general principle to be followed in providing such aid is that the war production and war resources of both nations should be used by each, in the ways which most effectively utilize available materials, manpower, pro-

duction facilities and shipping space.

I now set forth the understanding of the Government of New Zealand of the principles and procedure applicable to the provision of aid by the Government of New Zealand to the armed forces of the United States and the manner in which such aid will be correlated with the maintenance of those forces by the United States Government.

1. While each Government retains the right of final decision, in the light of its own potentialities and responsibilities, decisions as to the most effective use of resources shall, so far as possible, be made in common,

pursuant to common plans for winning the war.

2. As to financing the provision of such aid, within the fields mentioned below, it is my understanding that the general principle to be applied, to the point at which the common war effort is most effective, is that as large a portion as possible of the articles and services to be provided by each Government to the other shall be in the form of reciprocal aid so that the need of each Government for the currency of the other may be reduced to a minimum.

It is accordingly my understanding that the United States Government will provide, in accordance with the provisions of, and to the extent authorized under, the Act of March 11, 1941, the share of its production made available to New Zealand. The Government of New Zealand will provide on the same terms and as reciprocal aid so much of its production made available to the United States as it authorizes in accordance with the principles enunciated in this note.

3. The Government of New Zealand will provide the United States or its armed forces with the following types of assistance, as such reciprocal aid, when it is found that they can most effectively be procured in New Zealand.

(a) Military equipment, munitions and military and naval stores.

(b) Other supplies, materials, facilities and services for the United States forces, except for the pay and allowances of such forces, administrative expenses, and such local purchases as its official establishments may make other than through the official establishments of the Government of New Zealand as specified in Paragraph 4.

(c) Supplies, materials and services needed in the construction of military projects, tasks and similar capital works required for the common war effort in New Zealand, except for the wages and salaries of United States citizens.

- (d) Supplies, materials, and services needed in the construction of such military projects, tasks, and capital works in territory other than New Zealand or territory of the United States to the extent that New Zealand is a more practicable source of supply than the United States or another of the United Nations.
- 4. The practical application of the principles formulated in this note, including the procedure by which requests for aid by either Government are made and acted upon, shall be worked out as occasion may require by agreement between the two Governments, acting when possible through their appropriate military or civilian administrative authorities.

5. It is my understanding that all such aid accepted by the President of the United States or his authorized representatives from the Government of New Zealand will be received as a benefit to the United Stated under the Act of March 11, 1941. Insofar as circumstances will permit, appropriate record of aid received under this arrangement, except for miscellaneous facilities and services, will be kept by each Government.

If the Government of the United States concurs in the foregoing, I would suggest that the present note and your reply to that effect be regarded as placing on record the understanding of our two Governments in this matter.

I have the honour to be, Sir, Your obedient servant,

> WALTER NASH, Minister of New Zealand.

The Honorable Walter Nash,

Minister of New Zealand.

SIR: I have the honor to acknowledge receipt of your note of today's date concerning the principles and procedures applicable to the provision of aid by the Government of New Zealand to the armed forces of the United States of America.

In reply I have the honor to inform you that the Government of the United States of America likewise considers the provisions and principles contained in the agreement of February 23, 1942, between it and the Government of the United Kingdom as applicable to its relations with the Government of New Zealand. My Government agrees with the understanding of the Government of New Zealand as expressed in your note of today's date, and, in accordance with the suggestion contained therein, your note and this reply will be regarded as placing on record the understanding between our two Governments in this matter.

This further integration and strengthening of our common war effort gives me great satisfaction.

Accept, Sir, the renewed assurances of my highest consideration.

Cordell Hull,

Secretary of State of the United States of America.

# Agreement with French National Committee.

Text of Note to General Dahlquist from French National Committee The French National Committee sets forth below its understanding of the principles governing the provision of reciprocal aid by the United States of America to Fighting France and by Fighting France to the United States:

1. The United States of America will continue to supply Fighting France with such defense articles, defense services, and defense information as the President shall authorize to be transferred or provided.

2. Fighting France will continue to contribute to the defense of the United States of America and the strengthening thereof and will provide such articles, services, facilities, or information as it may be in a position

to supply.

3. The fundamental principle to be followed in providing such aid is that the war production and war resources of Fighting France and of the United States of America should be used by the armed forces of each in the ways which most effectively utilize available materials, manpower, production facilities, and shipping space. While each retains the right of final decision, in the light of its own potentialities and responsibilities, decisions as to the most effective use of resources shall, so far as possible, be made in common, pursuant to common plans for winning the war.

4. As to financing the provision of such aid, within the fields mentioned below, it is the Committee's understanding that the general principle to be applied, to the point at which the common war effort is most effective, is that as large a portion as possible of the articles and services to be pro-

vided by each to the other shall be in the form of reciprocal aid.

It is accordingly the Committee's understanding that the United States Government will provide, in accordance with the provisions of, and to the extent authorized under, the Act of March 11, 1941, the share of its war production made available to Fighting France. Fighting France will provide on the same terms and as reciprocal aid so much of its war production made available to the United States as it authorizes in accordance with the principles enunciated in this note.

5. Within the territories under the control of Fighting France, or within the same theater of operations, the National Committee will provide the United States or its armed forces with the following types of assistance, as such reciprocal aid, when it is found that they can most effectively be

procured in territory under the control of Fighting France:

(a) Military equipment, munitions, and military and naval stores.

(b) Other supplies, materials, facilities, and services for the United States forces, except for the pay and allowances of such forces, administrative expenses, and such local purchases as its official establishments may make other than through the official establishments of Fighting France as specified in paragraph 6.

(c) Supplies, materials, and services, except for the wages and salaries of United States citizens, needed in the construction of military projects, tasks, and similar capital works required for the common war effort in territory under the control of Fighting France, or in the

same theater of operations, to the extent that such territory is the

most practicable source of supply.

6. The practical application of the principles formulated in this note, including the procedure by which requests for aid are made and acted upon, shall be worked out by agreement as occasion may require through the appropriate military or civilian administrative authorities. Requests by the United States forces for such aid will be presented by their duly authorized authorities to official agencies of Fighting France which will be designated or established in the areas where United States forces are located for the purpose of facilitating the provision of reciprocal aid.

7. It is the Committee's understanding that all such aid accepted by the President of the United States of his authorized representatives from Fighting France will be received as a benefit to the United States under the Act of March 11, 1941. Insofar as circumstances will permit, appropriate record of aid received under this arrangement, except for miscellaneous

facilities and services, will be kept by each.

If the Government of the United States concurs in the foregoing, the present note and a reply to that effect will be regarded as placing on record the understanding in this matter.

Text of Note to French National Committee From General Dahlquist

The Government of the United States of America agrees with the understanding of the National Committee, as expressed in the English text of the Committee's note of today's date, concerning the principles and procedures applicable to the provisions of aid by Fighting France to the armed forces of the United States of America and, in accordance with the suggestion contained therein, that note and this reply will be regarded as placing on record the understanding in this matter.

# Appendix XII

# BRITISH WHITE PAPER OF SEPTEMBER 10, 1941

Foreign Office, S. W. I., 10th September, 1941.

MY DEAR AMBASSADOR: With reference to the conversations about lend-lease material which have recently taken place in London and in which you have participated, I enclose a memorandum on the policy of His Majesty's Government in the United Kingdom with regard to exports from this country and with regard to the distribution here of lend-lease material. I shall be glad if you will transmit it to your Government.

Yours sincerely,

ANTHONY EDEN.

His Excellency The Honourable John G. Winant.



## Memorandum.

- 1. All materials which we obtain under the Lend-Lease Act are required for the prosecution of the war effort. This principle governs all questions of the distribution and use of such goods and His Majesty's Government have taken and will continue to take action to secure that these goods are not in any case diverted to the furtherance of private interests.
- 2. Lend-lease materials sent to this country have not been used for export and every effort will be made in the future to ensure that they are not used for export, subject to the principle that where complete physical segregation of lend-lease materials is impracticable domestic consumption of the material in question shall be at least equal to the amounts received under lend-lease.
- 3. His Majesty's Government have not applied and will not apply any materials similar to those supplied under lend-lease in such a way as to enable their exporters to enter new markets or to extend their export trade at the expense of United States exporters. Owing to the need to devote all available capacity and manpower to war production, the United Kingdom export trade is restricted to the irreducible minimum necessary to supply or obtain materials essential to the war effort.
- 4. For some time past, exports from the United Kingdom have been more and more confined to those essential (I) for the supply of vital requirements of overseas countries, particularly in the sterling empire; (II) for the acquisition of foreign exchange, particularly in the Western Hemisphere. His Majesty's Government have adopted the policy summarized below:
  - (I) No materials of a type the use of which is being restricted in the United States on the grounds of short supply and of which we obtain supplies from the United States either by payment or on lend-lease terms will be used in exports with the exception of the following special cases:
    - (a) Material which is needed overseas in connection with supplies essential to the war effort for ourselves and our Allies, and which cannot be obtained from the United States.
    - (b) Small quantities of such materials needed as minor though essential components of exports which otherwise are composed of materials not in short supply in the United States.
    - (c) Repair parts for British machinery and plant now in use, and machinery and plant needed to complete installations now under construction, so long as they have already been contracted for.

Steps have been taken to prevent the export (except to Empire and Allied territories) of such goods which do not come within the exceptions referred to in (a), (b), and (c) above.

(II) Materials similar to those being provided under lend-lease which are not in short supply in the United States will not be used for export in quantities greater than those which we ourselves produce or buy from any source.

- 5. The general principle followed in this matter is that the remuneration received by the distributors, whatever the method of distribution, is controlled and will be no more than a fair return for the services rendered in the work of distribution. The arrangements rigorously exclude any opportunity for a speculative profit by private interests from dealing in lend-leased goods. In most cases, lend-leased supplies will be distributed through organizations acting as agents of His Majesty's Government in the strict sense of the term and not as principals. Where for strong practical reasons this cannot be done a full explanation will be supplied to the United States administration and their concurrence sought beforehand in any alternative arrangements proposed. The justification for retaining existing channels of distribution operating under strict Government control, is that the creation of elaborate new organizations in their place would inevitably result in loss of efficiency and the wasteful use of manpower, and retard the war effort. In the distribution of lend-lease goods there will be no discrimination against United States firms.
- 6. Food is a special case. Only some 5 or 6 percent in tonnage of the total British food supply is coming from the United States and without great practical complications it would be impossible to have a separate system for the distribution of lend-leased food. Food distribution is carried out in the United Kingdom by wholesalers, to whom the Government sells food as principals. In fact, the Ministry of Food has established a close control over all distributive margins so that neither the wholesalers nor the retailers receive any greater remuneration than is adequate to cover the cost of the services performed. No food obtained on lend-lease terms is, or will be, sold at uncontrolled prices. Thus the general arrangements as regards the issue of lend-leased food fit into His Majesty's Government's policy of stabilizing the whole price level of foodstuffs, a policy to which the Government contributes £100 millions a year.
- 7. In some cases direct free distribution is practicable and will be adopted. For example, some milk products (including lend-leased supplies from the United States) are distributed direct and free of charge to children and others in need through schools, clinics, and hospitals. The distribution is undertaken by State agencies and the cost of the distribution is borne by the Government.

# INDEX

	Page
Administrative expenses	16
Aeronautical material	16
Agricultural commodities:	
Exports of	26, 32
Transfers of	22
Agriculture, Department of	16, 20
Aircraft	16
Air ferry routes, development of	41
Allocations	16, 18
Aluminum	30
Appropriations:	
Army	15, 64
Lend-lease	
Maritime Commission	15, 64
Navy	-
Article VII, of Master Agreements	
Australia	10
Reciprocal aid from	15
Bacon, received as reciprocal aid	52, 53
Bauxite	
Beef and veal	
Received as reciprocal aid	
Benefits for lend-lease aid	8, 13
Board of Economic Warfare	20
Brazil, lend-lease aid to	40
British navy	14
Burma Road	39
Burns, Major General James H	17
Butter	44, 45
Received as reciprocal aid	
Canada	
Canned goods	
Cash purchases	
Cheese	
China	, -
Lend-lease aid to	
Reciprocal aid from	
Chromite	

	Page
Coffee	44
Combined Chiefs of Staff	
Combined Food Board	
Combined Production and Resources Board 19,	-
Combined Raw Materials Board	
Combined Shipping Adjustment Board	67,70
Copper	<b>3</b> 0
Corn and corn products	44
Crude rubber	<b>3</b> 0
Declaration, United Nations	74
Defense Aid Reports, Division of	17
Defense articles	7
Defense information	7
Defense of the United States, Act to Promote	7, 56
Dehydration	33
Eggs	45, 46
Received as reciprocal aid	
Egypt	17
Campaign in	35
Eligibility for lend-lease aid	17
Executive Order establishing Office of Lend-Lease Administration	64
Exports:	
Lend-lease	24
Other than lend-lease	27
Farm machinery	31
Fats and oils	45
Fighting French, reciprocal aid from	53
Fiji Islands, reciprocal aid in	54
Fish	45
Food:	
Allocation of	43
Exports of	31, 45
In relation to lend-lease	42
Increase of United Kingdom production	42
Program for 1943	45
Requirements of U. S. S. R	39, 42
Shipments to United Kingdom	39, 42
Shortages of, reasons for	43
Food Administration	19
Food Advisory Committee	19
Goods transferred	21
Dollar value of	21
Great Britain 8,	11, 49
Iceland	21

	Page
India	
Lend-lease aid to	. 40
Reciprocal aid from	. 54
Industrial materials:	
Exports of	
Transfers of	. 22, 29
Iran	
Joint Chiefs of Staff	. 18
Lamb and mutton	
Received as reciprocal aid	. 52, 53
Leasing	. 15, 19
Lend-Lease Act	7, 17, 56
Related laws 59	
Lend-Lease Administration, Office of	. 17
Lend-Lease aid:	
Amounts authorized	. 61
Eligibility for	
General discussion	. 21
Goals of	
In 1941	
In 1942 2	
On the war fronts	
Relative to total U. S. war effort	
Relative to U. S. economy	
Value of	
Lend-lease exports	
Lend-lease principle, use by other nations	
Liberia	
Machine tools	
Manganese ore	
Maritime Commission	_
Master Agreements	
With U. S. S. R	
Mercury	
Military items:	
Exports of	. 24
Transfers of	
Milk	
Received as reciprocal aid	
Ministry of War Transport, British	
Missions	
Mobilization, industrial.	
Molybdenum	
Munitions Assignment Board	, 66, 69

	Page
Mutual Aid	
Navy Department	
New Zealand, reciprocal aid from	
Nickel	
North African campaign	 35
Lend-lease aid in	 35
Reciprocal aid in	
Obligations	 16
Office of Lend-Lease Administration	 17
Executive Order establishing	
Ordnance	 16
Pearl Harbor, lend-lease before	
Petroleum products	
Plants, expansion through lend-lease	
Pork	
Received as reciprocal aid	
Production facilities.	
Projects, special	_
Rationing.	
In United Kingdom.	
In United States, reasons for	
Reciprocal lend-lease aid	
Agreements for	 48, 76
From Australia	
From China	-
From New Zealand	
From United Kingdom	
In North African campaign	
Value of	
Red Sea area, development of	
Requirements Committee of War Production Board	
Resources, combining of	
Seamobile	
Sea Otter	
Services rendered	
Dollar value of	
Ships, servicing and repair of	
Shipyards	
Soviet Union.	
Extent of lend-lease aid to	
Extent of aid by United Kingdom	
Food needs	
Master Agreement with	
112m3001 1161-0111111 1111111	 /0

	Page
State, Department of	. 20
Steel	. 30
Stettinius, E. R., Jr	. 17
Strategic materials, imports of	
Sugar, amount of supplied as reciprocal aid	
Supply routes and supply bases, development of	
Tanks	
Tin	
Treasury Department	
Tungsten	
Turkey	_
USSR	
Master Agreement with	
United Kingdom	
Lend-lease aid to	
Reciprocal aid from.	
United Nations:	. 17
Declaration by	. 74
Strengthening of	
War effort of	
Vessels	
War Department 1	
War Production Board	
Requirements Committee of	
War Shipping Administration	
Wheat and wheat products	
White Paper, British	
Wool	
Zinc	30

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EIGHTH QUARTERLY REPORT
UNTARILE ON GRESS
ON LEND-LEASE OPERATIONS

For the Period Ended March 11, 1943

### TO CONGRESS ON LEND-LEASE OPERATIONS

For the Period Ended March 11, 1943

"The President from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose."

[From Section 5, subsection b of "An Act to Promote the Defense of the United States" (Public Law No. 11, 77th Congress, 1st Session).]

### CONTENTS

Chapter	Page
Letter of Transmittal	5
1. Lend-Lease Aid to Date	<b>7</b>
2. Mutual Aid	17
3. Lend-Lease in Action	22
4. Lend-Lease and Food	34
•	
<b>Appendix</b>	
I. Lend-Lease Act	41
II. Public Law 1, 78th Congress, Section 4	44
III. Amounts of Lend-Lease Aid Authorized	45
IV. Executive Order Establishing Office of Lend-l Administration	
V. Status of Nations	49
. VI. Soviet Master Agreement	50
VII. United Kingdom Reciprocal Aid Agreement	54
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### LETTER OF TRANSMITTAL

To the Congress of the United States of America:

Under the authority vested in me by the Executive Order of October 28, 1941, and pursuant to the direction of the President, I am submitting herewith to the Congress the eighth quarterly report on operations under the Lend-Lease Act, for the period ended March 11, 1943.

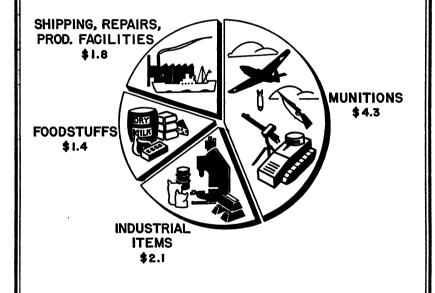
In addition to the eight quarterly reports, there was submitted on January 25, 1943 a special report to the 78th Congress, covering the period from the passage of the Act, March 11, 1941, to December 31, 1942.

EDWARD R. STETTINIUS, JR.,

Lend-Lease Administrator.

Washington, D. C., *March* 11, 1943

### **TOTAL LEND-LEASE AID** \$9.6 BILLION TO FEB. 28, 1943



### Chapter 1

### LEND-LEASE AID TO DATE

The total dollar value of lend-lease aid rendered by the United States in the first two years of lend-lease operations is \$9,632,000,000. Of this amount \$7,831,000,000 is the value of goods transferred—munitions, industrial materials for war production, and food for the fighting men and war workers of our allies. \$1,801,000,000 is the value of services rendered—shipping and ship repairs, production facilities, and various supply services. These figures are for the period from March 11, 1941 to March 1, 1943.

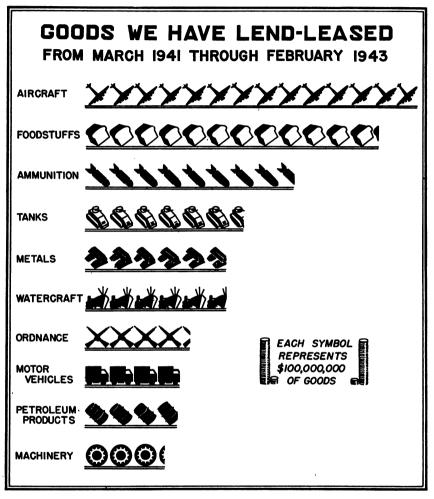
The value of aid in the first year of Lend-Lease operations, from March 11, 1941 to March 1, 1942, was \$1,954,000,000—approximately one-fifth of all lend-lease aid to date. Almost four-fifths of total aid to date, or \$7,678,000,000, was provided in the year just ended, from March 1, 1942 to March 1, 1943. Almost as much aid was provided in the last six months as in the previous eighteen months.

### Goods Transferred

Of all goods transferred to date, about 90 percent have been shipped. The value of goods transferred in the last three months is \$1,977,000,000, compared to \$1,844,000,000 in the preceding three months and \$680,000,000 in the three months from December 1, 1941, to March 1, 1942.

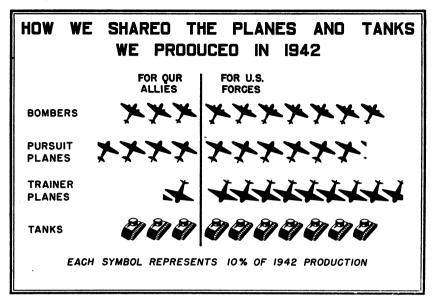
Of goods transferred from March 11, 1941 to date, munitions have made up 55 percent, or \$4,294,000,000; industrial materials and equipment 27 percent, or \$2,088,000,000; food and other agricultural products 18 percent or \$1,449,000,000.

In the last three months 60 percent of lend-lease transfers have been munitions, such as planes, tanks, guns and trucks. These had a value of \$1,175,000,000. In this same period agricultural products made up 16 percent and industrial materials 24 percent.



These proportions are in contrast to those which prevailed in the first year of the lend-lease program, when munitions constituted only 35 percent of all lend-lease transfers, industrial materials 30 percent and agricultural products 35 percent.

In the past twelve months we shipped to our allies, under lend-lease or in fulfillment of previous direct purchase contracts, 30 out of every 100 bombers we produced. We shipped 38 out of every 100 fighter planes, 28 out of every 100 light tanks and 33 out of every 100 medium tanks.



These shipments were in addition to the very large numbers of planes and tanks that we sent to our own forces overseas. Of our total munitions production, we shipped to our allies 19 percent.

### Services Rendered

Of the value of services rendered, 49 percent has been for the rental and charter of ships to carry lend-lease goods and for the operation of air ferry routes and supply lines and bases abroad. These routes and bases are now being used by our own forces as well as by our allies. Another 20 percent has been for the repair of allied warships and merchant ships in American yards and for training of United Nations air forces in this country.

There has been little additional expenditure in the last three months for plant facilities in the United States for the production of lend-lease goods. These, however, constitute 31 percent of the total value of all lend-lease services since the beginning of the program.

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### TOTAL LEND-LEASE AID

### Value of Goods Transferred and Services Rendered

### Millions of Dollars

		Monthly		. (	Cumulative	:
	1941	1942	1943	1941	1942	1943
Jan	0 0 10 28 45 63	322 388 468 554 449 548	682 697	0 0 10 38 83 146	1,566 1,954 2,422 2,976 3,425 3,973	8,935 9,632
July	101 126 181 182 234 274	595 560 643 915 810 757		247 373 554 736 970 1,244	4,568 5,128 5,771 6,686 7,496 8,253	

### Where Lend-Lease Aid Is Going

Total lend-lease aid to date, including both goods and services, has been distributed by areas as follows:

United Kingdom	\$4,430,000,000	46%
U. S. S. R	\$1,826,000,000	19%
Africa and Middle East.	\$1,573,000,000	16%
China, India, Australia,		•
and New Zealand	\$1,344,000,000	14%
Other Areas	\$459,000,000	5%

### The First Year of Lend-Lease

From March 11, 1941 to March 1, 1942 about two-thirds of lend-lease goods went to Britain. In 1941 Britain was the last remaining important base standing between Hitlerism and the United States, and Britain was threatened with invasion. Lend-lease shipments also went to British and allied forces in

### LEND-LEASE AID-GOODS AND SERVICES

### Millions of Dollars

### VALUE OF GOODS TRANSFERRED

		Monthly		Cı	umulative	tive		
	1941	1942	1943	1941	1942	1943		
Jan	0 0 6 20 35 41	220 260 362 455 394 459	627 656	0 0 6 26 61 102	1,130 1,390 1,752 2,207 2,601 3,060	7,175 7,831		
July	73 95 144 132 164 200	504 446 544 680 620 694		175 270 414 546 710 910	3,564 4,010 4,554 5,234 5,854 6,548			

### **VALUE OF SERVICES RENDERED**

		Monthly			Cumulative	<b>;</b>
	1941	1942	1943	1941	1942	1943
Jan	0 0 4 8 10 22	102 128 106 99 55 89	55 41	0 0 4 12 22 44	436 564 670 769 824 913	1,760 1,801
July	28 31 37 50 70 74	91 114 99 235 190 63	•	72 103 140 190 260 334	1,004 1,118 1,217 1,452 1,642 1,705	

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Egypt and the Red Sea Area. The lend-lease program for Russia was begun in October 1941 but shipments to the Soviet did not go in important quantities until the early months of 1942. Lend-lease help in the development of the southern supply route to Russia by way of the Persian Gulf and Iran was begun in 1941. Lend-lease aid to China in 1941 consisted principally in improvements on the Burma Road that doubled its previous capacity and in building a new railroad line from Burma into China. Over these expanded supply lines it had been hoped to send full equipment for 30 Chinese Divisions. Before the railroad was completed the Japanese took Burma and cut all communications in this area except by air.

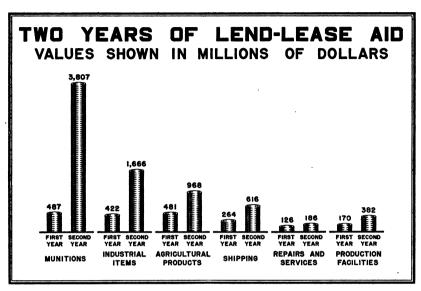
In the first year 68 percent of lend-lease goods went to the British Isles, 13 percent to Africa and the Middle East, 6 percent to U. S. S. R., 9 percent to India, China, Australia and New Zealand and 4 percent to other areas.

### The Second Year

From March 1, 1942 to March 1, 1943 the emphasis shifted from the United Kingdom. More than half of all lend-lease goods went to the Middle and Far East and to Russia. Substantial shipments, however, were continued to the British Isles, which were being built up into a base for offensive operations against the European end of the Axis. The expeditionary force which invaded North Africa in November used the British Isles as its principal base. At the same time lend-lease supplies helped to strengthen Britain as a base for large-scale air operations against Axis Europe and for future land offensives.

About 29 percent of lend-lease goods in the second year went to the U. S. S. R. The value of goods exported to Russia was \$1,553,000,000. In the three important categories of combat planes, tanks and other military motor vehicles, we sent more to Russia than to any other military theatre. Half of all the tanks shipped so far under lend-lease have gone to Russia and 40 percent of all the tactical planes. We also developed the southern supply route to Russia as an alternative for the

Murmansk-Archangel route, and we began lend-lease shipments to Russia by both air and water from the Pacific Coast. By the end of 1942 the capacity of the Persian Gulf-Iran route to Russia was three times what it was at the beginning of the year. Aid to Russia is steadily increasing.

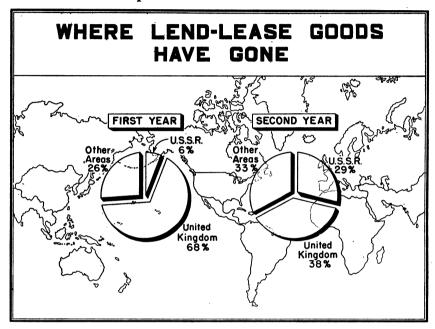


Lend-lease supplies sent to the allied forces and countries of the Middle East and Africa in the second year were 15 percent of total lend-lease exports. The value of the goods sent to this area was \$804,000,000. This was five times the 1941 figure. To date we have sent 16 percent of all lend-lease tanks and 17 percent of all lend-lease planes to British and allied forces in Egypt and Africa. These weapons had a significant part in the British Eighth Army's success last summer in preventing Rommel from taking Suez and breaking through into Iran and India. They had a significant part last fall in driving Rommel out of Egypt and back about 1,300 miles across Libya into Tunisia. They are playing a vital part in the Battle of Tunisia today.

About 38 percent of lend-lease goods in the second year went to the British Isles. These totalled \$2,039,000,000. Approximately 43 percent of lend-lease shipments were munitions, some of which were sent on to British and allied forces on

other fronts. About 28 percent of the shipments to the British Isles consisted of foodstuffs, and 29 percent of industrial items, materials and machinery for British production of guns and planes, and fuel for the R. A. F. and the British Navy.

Lend-lease goods for the war against Japan, sent to Australia, New Zealand, India and China, were 14 percent of lend-lease exports in the past year, and had a value of \$741,000,000. Most lend-lease shipments to Australia and New Zealand were



munitions. We also sent Australia materials and tools for her munitions industry. Lend-lease shipments into China in the second year, carried in by air transport from India, were very small. Additional supplies for China shipped from the United States are now in India awaiting transport into China. Lend-lease shipments for India were aimed at building up India as a base for offensive operations against the Japanese in Burma and as a supply base for offensive action against the Japanese in China itself. In addition to military equipment for General Wavell's army, lend-lease helped to expand India's considerable war production capacity, to improve railroads and docks and highways, to build airfields, other military bases and repair and assembly depots.

The dollar value of total lend-lease aid to date, including both goods and services, for this area is divided as follows:

China	\$158,000,000
India	\$595,000,000
Australia	\$452,000,000
New Zealand	\$139,000,000

### New Developments

In the first two months of 1943 lend-lease shipments have continued the trend evident in 1942. The principal new developments have been: (1) An increase in the proportion of total lend-lease shipments going to the Soviet Union as compared with that going to the United Kingdom; (2) a sharp increase in the amount of food going to U. S. S. R.; (3) assignment of additional planes to the India-China air transport routes; (4) shipment to North Africa of lend-lease arms for General Giraud's army, and of food, clothing, and other supplies to the liberated people of French North Africa. Shipments of civilian supplies to North Africa have been small, but they are relieving acute shortages and will help restore North Africa as an important area for the production of food and strategic raw materials, both greatly needed by the United Nations.

In the last few months the percentage of total aid going to Russia has been increasing as compared with the percentage going to the United Kingdom. Because of acute and growing food shortages in the Soviet Union, food shipments have become as important to the Russian Army as planes and tanks. Food shipments to Russia in January and February were 35 percent greater than in the previous two months and five times what they were in January and February 1942. In 1943 we may ship more food to the U. S. S. R. than to any other country.

Further development of the air route from India into China is one of several new measures being taken to increase lend-lease aid to China in 1943.

### Lend-Lease and Cash Exports

In addition to lend-lease exports the United States has shipped to lend-lease countries large quantities of supplies that have been paid for in cash.

The value of lend-lease exports from March 11, 1941, to January 31, 1943 (the last month for which export figures are available), was \$6,500,000,000. In this same period the value of cash exports to lend-lease countries was \$7,000,000,000.

Cash exports from the United States to all countries in the past 12 months exceeded 1938 and 1939 pre-war cash exports. The 1938 exports totaled \$3,004,000,000 and 1939 exports \$3,073,000,000, compared to \$3,173,000,000 of cash exports in the 12 months ended January 31, 1942.

### Lend-Lease Procurement

Lend-lease munitions are procured by the War and Navy Departments and transferred by them to lend-lease countries in accordance with the allocations made by the Munitions Assignments Board. Lend-lease food is procured by the Department of Agriculture, and non-military supplies and equipment by the Treasury Department. Merchant ships chartered to lend-lease countries are built by the Maritime Commission. Lend-lease shipping services are provided under the direction of the War Shipping Administration.

### Chapter 2

### MUTUAL AID

While lend-lease supplies have been going abroad for use against the enemy in greatly increased quantities during the past eight months, we have also been arming American forces moving into battle. We now have more than a million and a half men overseas. Wherever American forces are on foreign soil they are receiving from our allies supplies and services as reciprocal aid.

This aid from our allies—provided without dollar payment—has already reached substantial proportions and it will continue to grow in proportion to the increasing size of our overseas armies.

Virtually all of the supplies furnished by the British to our troops in the United Kingdom are supplied as reverse lend-lease, in addition to almost all of the facilities our troops use and the transportation and other services they require. Part of the equipment our troops are using in North Africa is British equipment provided as reciprocal aid.

American forces under General MacArthur and Admiral Halsey in the Southwest and South Pacific are receiving much of their food as reciprocal aid from Australia and New Zealand, in addition to many other supplies and services.

American troops in Iceland and the Fijis, in India, Egypt, and Iran, and in various parts of Africa, are being supplied by Great Britain, the Dominions and India with reciprocal aid.

The Fighting French are providing our forces with reciprocal aid in Equatorial Africa. Belgium is providing aid to our forces in the Congo. Even hard-pressed China is providing supplies for the U. S. Air Forces in China as reciprocal aid.

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Outgoing lend-lease and lend-lease in reverse are both parts of one process—effective pooling of United Nations' resources for the fighting of the war. They are not a process of barter. They are the application in practice of the principle of a united war effort, in which each nation supplies, to the extent of its available resources, the needs of its partners.

We send supplies needed by our allies because they are fighting our enemies. They supply us with things we need because we are fighting their enemies.

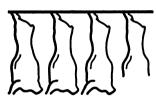
### LEND-LEASE WORKS BOTH WAYS

LESS BEEF WAS LEND-LEASED IN 1942
THAN WAS RECEIVED UNDER REVERSE LEND-LEASE

WE SENT
TO OUR ALLIES

WE RECEIVED

FROM AUSTRALIA AND NEW ZEALAND FOR OUR TROOPS





EACH SYMBOL REPRESENTS 5,000,000
POUNDS OF BEEF

The volume of reciprocal aid cannot be accurately measured at the present time. Unlike outgoing lend-lease aid, which comes from a central source, incoming lend-lease is provided in literally hundreds of different places all over the world through local supply officers. Reciprocal aid is being recorded, however, in terms of quantities and types of items. These reports are now beginning to come in to Washington. The records lag behind the figures for outgoing lend-lease, but the incomplete reports so far at hand show:

(1) In 1943 the British have agreed to provide our troops in the European theater with more than 400,000,000 pounds of food. This year the United Kingdom is furnishing our men with:

> 89,100,000 pounds of potatoes, 89,200,000 pounds of fresh vegetables, 148,000,000 pounds of flour, 55,000,000 pounds of sugar, 18,000,000 pounds of fruit, 4,100,000 pounds of jam, 2,300,000 pounds of dry cereals, 2,300,000 pounds of cocoa.

This food is either produced by the British in the United Kingdom or it is imported from countries other than the United States. Since the beginning of the war the United Kingdom has increased its acreage under cultivation by one-third. This year the British have undertaken a further intensification of their farm program for raising potatoes and other garden vegetables on every available quarter-acre of land in order to provide American troops with the kinds of food Britain is able to produce. This food-growing program is also helping to keep down British requirements for lend-lease foods from the United States.

- (2) The British have made available as reverse lend-lease more than 700,000 dead weight tons of shipping for American military operations.
- (3) From July 1 to December 31, 1942, the British furnished to our forces in the United Kingdom as reverse lend-lease 1,121,000 ship tons of supplies, not including construction materials. This was more than we shipped to our troops from the United States in that period. In addition, construction materials totaling another 1,595,000 tons were supplied. The United States spent only \$25,000 in the United Kingdom in December for supplies for our armed forces there.
- (4) In addition to other supplies, the United Kingdom is furnishing new facilities for our troops including hundreds of airfields, barracks and hospitals. The cost of these facilities is estimated at over a half billion dollars. Transportation,

heat, light and telephone and other communications services are being provided free of charge on reverse lend-lease without payment by us in cash.

- (5) Australia's shipyards are building many hundreds of landing craft, barges, and other small boats for General MacArthur's men as reverse lend-lease. In addition, scores of trawlers and coastal steamers have been turned over for our use by Australia.
- (6) Most American troops and their equipment have been carried from the United States to the British Isles in British ships. Whenever American troops are carried in British ships to any area they are transported under reverse lend-lease, without any payment by us.
- (7) From June 1, 1942, to January 1, 1943, India built or turned over to American air forces more than a score of airfields; provided 3,500,000 gallons of gasoline and several hundred trucks; constructed warehouses, repair shops, barracks, hospitals, and miles of roads; is furnishing such quartermaster supplies as shoes, shirts, mosquito- and gas-proof clothing; engineers' stores; small arms and other munitions; and is providing such services as light, heat and communications as reverse lend-lease.
- (8) Australia and New Zealand together furnished our troops with more than 235,000,000 pounds of food from June to December, 1942. This was the equivalent of 26 pounds from each man, woman, and child in these two countries. In the same period the United States lend-leased 2,109,000,000 pounds of food to Russia, the United Kingdom, and all other countries, the equivalent of 16 pounds from each man, woman, and child in the United States. In 1942 we received as reciprocal lend-lease from Australia and New Zealand more beef veal, lamb and mutton than we exported to all lend-lease countries.
- (9) Australia is also providing munitions to our forces out of its own production. New Zealand and Australia both have constructed bases, barracks, and airfields for our forces. Australia is providing uniforms made in Australian mills, and New Zealand is providing army boots for our forces there.

### Lend-Lease by Other Countries

Lend-lease and reverse lend-lease are not limited to transfers between the United States and other United Nations. They are also supplying each other on substantially the same terms.

During the last year Canada has provided Great Britain, Russia, Australia, and New Zealand with a billion dollars' worth of supplies without payment. In proportion to population, this is the equivalent for the United States of at least 12 billion dollars' worth of lend-lease aid. The Canadian Goverment is now proposing to grant mutual aid to the extent of another \$1,000,000,000 for the United Nations.

Already Canada has supplied its allies with important quantities of war equipment, for the most part without cash reimbursement. Shipments have included \$50,000,000 of tanks to Russia alone, in addition to large shipments to the United Kingdom. More than 400,000 military motor vehicles, excluding tanks, have been sent to other United Nations. More than 1,000,000 shells a month are going abroad. Canada is producing rifles and light machine guns at the rate of 1,500,000 a year, and most of these are going to the forces of other United Nations.

Canada and the United States up to now have been on a cash basis in both directions but our respective war production programs have been closely integrated.

The United Kingdom has furnished very large quantities of arms to Russia on a lend-lease basis. In such items as tanks and planes, British aid to Russia has substantially matched our own. In addition, the British have equipped under lend-lease the forces of many of the governments-in-exile, and British lend-lease aid has been extended to Chinese forces.

The Soviet Union has been engaging the main force of Hitler's armies in a desperate struggle for over 20 months on its own soil. It has not been in a position to provide lend-lease aid to its allies in any considerable amount, nor has there been occasion to request such aid. However, the U. S. S. R. has agreed to provide reciprocal aid to the United States whenever it is able to do so on the same terms as reciprocal aid is being provided us by other countries.

### Chapter 3

### LEND-LEASE IN ACTION

### North Africa

As the struggle in North Africa progresses, it becomes ever more apparent that lend-lease is playing a vital part in the United Nations war effort in that theatre. A constant flow of new lend-lease aid is helping to sustain the allied battle lines in Tunisia. Lend-lease aid which was supplied to our allies many months ago is only now bearing its full fruit there. Our allies are in turn supplying the United States forces in North Africa with important tools of war as reciprocal aid.

The United Nations offensive in North Africa may be said to have started in the early fall of 1942 with the British Eighth Army's decisive expulsion of Rommel's Afrika Korps from Egypt, Libya, and finally Tripolitania. The United States played an important role in this campaign both with American air forces, which aided the R.A. F. in the air battles over the desert, and with lend-lease tanks, planes and food which we supplied to the British.

Equally vital to that advance, although more remote from the actual field of battle, were the docks and naval facilities, the supply bases, the railroad equipment and new roads, the air bases and air ferry routes, the repair and assembly shops developed by the joint efforts of Britain and the United States. These ensured the supply lines of the Eighth Army, and lendlease funds had an important part in their development.

The present campaign in Tunisia is in every sense a united military effort. General Eisenhower commands combined American, British and French forces; he is aided in the direction of the campaign by generals of all three nations.

The Tunisian campaign is a joint effort also in weapons and war supplies. Both the British Eighth Army on the east and the British First Army on the west are supplied in part with lend-lease equipment. The British Air Forces are flying many American light and medium bombers, chiefly Havocs and Mitchels; British ground forces are making good use of American-made General Sherman and General Lee tanks as well as British Valentine tanks. Some of our fighter squadrons are flying British Spitfires provided by British reciprocal lend-lease. Many of the planes of our own air forces are



landing and taking off on portable airfield runways furnished us by the British. Among our ground forces, one entire division is using British 25-pounder guns in place of United States 75's. In addition, the British have furnished us with over 3,800 tons of ammunition, 30,000 tons of engineering equipment, 80,000 tons of coal, over 2,000 tons of army rations, and many other essentials of war.

The French forces under General Giraud were inadequately equipped when they began fighting side by side with British and American forces. They are being provided with American lend-lease arms as fast as we can get equipment there. The

## LEND-LEASE AID

# Cumulative from March 1941 through February 28, 1943

## Thousands of Dollars

Ттев ог Аго	UNITED Кіндром	U. S. S. R.	Africa and Middle East	CHINA, INDIA, AUSTRALIA AND NEW ZRALAND	Отнии	Total
GOODS TRANSFERRED						
Munitions:						
Ordnance	150,067	48,207	103,331	88,430	37,973	428,008
Ammunition	245,903	194,117	202,059	163,090	46,385	851,554
Aircraft and Parts	354,538	354,938	247,131	224,742	164,437	1,345,786
Tanks and Parts	96,158	213,412	149,023	186,403	25,065	670,061
Motor Vehicles	56,851	165,160	93,185	81,014	8,122	404,332
Watercraft and Parts	397,664	52,307	105,646	25,369	13,544	594,530
TOTAL	1,301,181 1,028,141	1,028,141	900,375	769,048	769,048 295,526	4,294,271

Industrial Products: Machinery	149,660	84,770	54,174	43,883	3,463	335,950	
Metals	258,250	146,266	80,147	85,128	8,905	578,696	
Petroleum Products	275,965	18,007	39,011	43,468	5,779	382,230	
Other Industrial Products	415,492	129,996	124,193	85,856	35,112	790,649	
TOTAL	1,099,367	379,039	297,525	258,335	53,259	2,087,525	
AGRICULTURAL FRODUCIS: Foodstuffs	981,047	127,580	38,989	25,290	8,430	1,181,336	
Other Agricultural Products	247,669	514	4,008	13,667	1,870	267,728	
TOTAL	1,228,716	.128,094	42,997	38,957	10,300	1,449,064	
Total Goods	3,629,264	1,535,274	1,240,897	1,066,340 359,085	359,085	7,830,860	
SERVICES RENDERED							
Ship Repairs, Etc	165,150	30,399	56,359	43,743	16,263	311,914	
Shipping	435,867	126,799	148,742	125,561	42,921	879,890	
Production Facilities	167,271	131,940	115,931	98,817	38,091	552,050	
Miscellancous	32,496	1,188	11,089	9,106	3,200	57,079	
TOTAL SERVICES	800,784	290,326	332,121	722,772	100,475	1,800,933	
TOTAL LEND-LEASE AID	4,430,048	1,825,600	1,573,018	1,343,567 459,560	459,560	9,631,793	

Certain transfer totals include small amounts of goods diverted to United States armed forces after lend-lease transfer, but subject to future replacement.

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Fighting French column which came across the desert from Lake Chad in Equatorial Africa to join the British Eighth Army in the attack on Tunisia is also equipped to an important extent with American lend-lease arms and supplies. These troops rode in lend-lease trucks. They were supplied during their 2,000-mile advance by cargo planes flying from a base on the African air ferry route which lend-lease funds helped to develop. This same ferry route is now being used also to send to the battlefront in Tunisia planes and supplies which have come from the United States.

Lend-lease is also helping to strengthen the civilian front behind the lines where famine or pestilence might seriously jeopardize our chances of success on the actual fighting lines. North Africa, normally a food-exporting region, has been stripped bare by the Nazis. We and the British are sending vitally needed food, clothing, and medical supplies to that area. 123,000 tons of supplies have gone from the United States up to the present; the British also have sent supplies in considerable volume. This program is going forward under the supervision of General Eisenhower. With such emergency aid to tide them over until they can get their own production going again, the North Africans should be able to supply most of their own food needs and contribute substantially to the support of our forces there. Besides wheat, fruits and vegetables, lamb and mutton, and olive oil, North Africa produces such critical raw materials as manganese, cobalt, cork, and phosphates. More than 50,000 tons of these materials have already been shipped to the United Kingdom and the United States for use in the united war effort.

The Lend-Lease Administration is working in close relationship with the Office of Foreign Relief and Rehabilitation Operations in the North African civilian supply program. Although under present arrangements the United States will be reimbursed for the bulk of nonmilitary supplies sent into North Africa, a small portion of these supplies is being distributed as direct relief. These relief operations are being conducted by a field mission of the OFRRO which is working

through such agencies as the Red Cross. In planning for the extension of this relief program into Tunisia, OFRRO and Lend-Lease are collaborating.

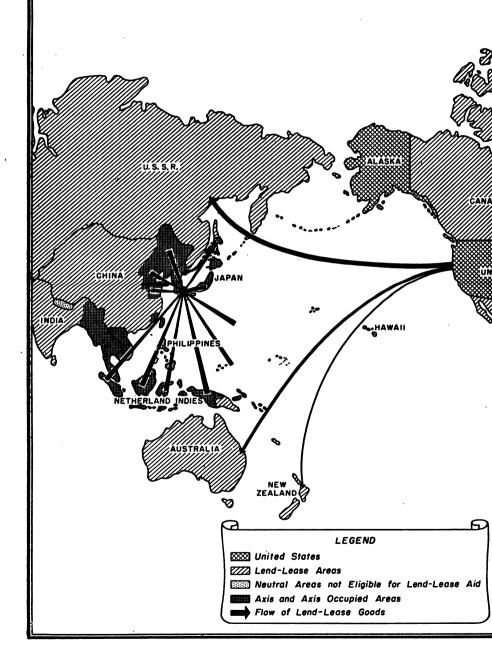
The French in North Africa have offered to the United Nations cause not only their armies and the raw materials available there. They have pledged to the United Nations war effort those ships of the French Fleet which were in African ports. Some of these—the Richelieu, the Montcalm, and other French warships—are now in American ports being repaired through Lend-Lease so that they may as soon as possible join the United Nations' navies.



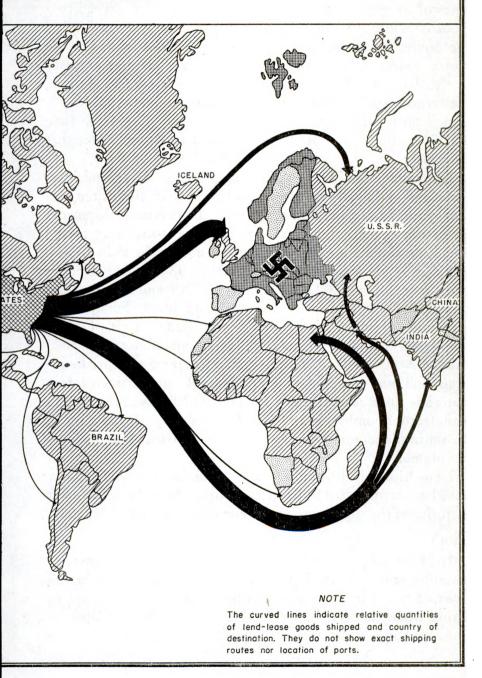
### Russia

Although the Soviet Union has carried on its magnificent struggle against the Nazis principally with equipment produced in Russian factories, Lend-Lease has been a factor in supplying the armies fighting on the Russian front. Up to March 1, 1943, we had shipped more than 3,250,000 tons of supplies to the Soviet Union. The value of Lend-Lease aid, including supplies and services such as ship repairs and shipping, totals \$1,826,000,000 up to March 1, 1943.

### LEND-L



### SE MAP



This aid has been rendered in accordance with two protocols under which the United States has given the Soviet Government formal assurance that we would furnish specified quantities of weapons and supplies. The first of these, signed two months before we entered the war, called for the transfer to the Soviet Government of specified articles estimated to be worth nearly \$1,000,000,000. In spite of the great increase in the demands of our own armed forces after Pearl Harbor, the terms of this protocol were substantially carried out. A second protocol covers the period from July 1, 1942 to June 30, 1943, and aid is now being extended to Russia under this agreement.

The volume of aid to Russia is increasing. Thus lend-lease shipments in January to the Soviet Union were almost ten percent greater than the month before. In February shipments increased 30 percent further. In addition to sending to the Soviet more lend-lease planes, tanks, and trucks than to any other area, we have shipped more than 130,000 submachine guns, more than 98,000,000 pounds of TNT and toluol, more than 188,000,000 pounds of copper and brass, hundreds of thousands of miles of telephone wire, 92,000 tons of rails, car wheels and other railroad equipment, and almost 3,000,000 pairs of Army boots. We have sent as well many other munitions and war supplies and considerable quantities of raw materials, such as steel and chemicals, which have been used to manufacture bombs and high-explosive shells. British aid to Russia in planes and tanks has substantially matched our own in volume.

Two-thirds of all supplies sent to Russia from this country have been transported in American ships. Moreover, the great majority of the supplies to the Soviet Union are arriving safely.

### China

The Chinese are now holding a 3,000-mile front against the invading armies of the Japanese. This line is a crucial battle-front of the war. We are determined to provide the aid to China which is necessary to enable her to drive the Japanese from her soil.

The fall of Burma and the seizure of the southern portion of the Burma Road by the Japanese closed a supply route to the improvement of which we had devoted a large proportion of our lend-lease aid to China during the year 1941. The closing of the Burma Road left air transport as the only effective means of getting supplies into China. Constant efforts have been made to enlarge this air service but up to now the amount of lend-lease supplies that we have been able to get into China itself has been very small.

There is much more to the story of lend-lease aid for China than the quantity of goods which have been actually sent into China. The Chinese troops which retreated into India after the fall of Burma have been issued new weapons and other equipment under lend-lease and have been instructed in the use of this equipment by American Army officers. The British also have made available supplies and facilities to Chinese troops in India. In addition to Chinese pilots now training in India, over four hundred Chinese student pilots have come to this country to go through the standard U. S. Army Air Corps training; more are coming. A hundred of these have completed the course and returned to China to aid in the struggle against Japan.

In addition, arrangements are now under way for making available to China cargo ships which will be manned by Chinese seamen.

In estimating our aid to China, there must be considered also the large amounts of supplies sent to allied forces under the command of General Wavell and General Stilwell in China, India and Burma. These forces are cooperating with the Chinese in operations looking toward eventual reopening of the Burma supply routes. Military operations to open these routes, as well as other military measures, may well be considered the most important type of aid which we could possibly render China at the present time.

United States air forces under General Chennault, stationed in China itself, are maintaining the control of the air over unoccupied China which the famous Flying Tigers won in December 1941 and which has never been lost since. The supplies sent by the British and American Governments to their forces in this area and the actual services of those forces are not recorded in the lend-lease figures.

The air route into China is being flown by planes of both the China National Aviation Corp. and the U. S. Army Air Transport Command. Cargo planes have been supplied to CNAC under lend-lease and additional planes are now being made available. However, the large majority of the planes on the India-China run are flown by the Air Transport Command. The value of this service, carried on over wild and mountainous country under most difficult weather conditions by U. S. Army personnel with U. S. Army equipment, is not reflected in the statistics of lend-lease aid.

The problem of lend-lease to China has always been more than anything else a problem of securing adequate routes of supply. Almost half of the lend-lease supplies sent from the United States for China are now in storage in India. The volume of lend-lease supplies getting into China cannot be expanded until the supply routes are expanded. American efforts are being concentrated, therefore, on enlarging the capacity of the air routes to China, on exploration and development of new routes, and on preparations for recapturing those which have been seized by the enemy.

It takes many months to manufacture supplies in the United States and transport them to India. We are therefore planning to have a balanced reserve of supplies in India to be sent into China as fast as the supply routes can handle them.

Recent lend-lease aid to India will play an important part in future aid to China. As India assumes more and more the role of a supply reservoir for the Burma-China-India war front, more emphasis is being placed in lend-lease operations on the development of India's own natural resources, her factories and arsenals, and her transportation system. One-fifth of the \$595,000,000 of aid rendered to India from March 11, 1941 to March 1, 1943, represents machinery, tools, and raw materials.

India is the second largest producer of iron ore in the British Empire. She has the largest single steel plant in the British Empire. Labor is plentiful there. With the aid of the machines, tools, and raw materials which we are sending her, India can step up her production of arms, military vehicles, lumber for war construction, textiles for uniforms and tents, and she can improve her internal transportation system so as to get these supplies more quickly to the battlefronts.

With the industrial and transportation facilities thus provided, the factories and arsenals of India can produce many vital war supplies for China. This will free much shipping over the long route from the United States for additional supplies for China.

The lend-lease aid we have extended to Australia and New Zealand, totaling \$591,000,000 up to March 1, 1943, is also directed against the Japanese. The President has said, "There are many roads which lead right to Tokyo. We shall neglect none of them."

# Chapter 4

# LEND-LEASE AND FOOD

Mutual aid between the United Nations in the provision of food supplies is as indispensable in this total world-wide war as the interchange of guns or planes.

Some of the United Nations are not able to produce enough food for their soldiers and sailors and for their men and women working behind the front. Others of the United Nations can produce more food than they need for their own essential requirements. Thus, the United States, Canada, Australia, New Zealand, and South Africa are able to export food products to Great Britain or the Soviet Union, which cannot supply all of their own needs. Similarly, we expect that French North Africa, to which we are now sending food, will revitalize its agricultural production and begin to export food to these nations.

Mutual aid in the provision of food is also necessary as a part of the strategy of war supply. Because of the shipping shortage we cannot afford to send food instead of munitions to those of our soldiers who are stationed in parts of the world where Thus Australia local food production can meet their needs. and New Zealand have curtailed their own food consumption and are supplying our troops with almost all of their food requirements as reciprocal aid. Shipping is thereby freed to carry more munitions and essential equipment to those areas. Even our soldiers in the United Kingdom, although receiving most of their food from the United States, are receiving large quantities of flour, potatoes, fresh vegetables, and other locally produced commodities. This lend-lease aid and reciprocal aid in food are essential elements in the pooling of war supplies by the United Nations.

# Dehydration of Foods

During the past two years, lend-lease has done much to encourage the development of food dehydration. The amount of lend-lease funds invested in food dehydration plants has been small, but the large lend-lease orders have caused private food companies to expand greatly their dehydration facilities and to experiment with new dehydrated food products.

Dehydrated foods require only 10 to 30 percent of the cargo space which would be required to ship the same foods in their normal form. In addition, dehydrated foods require no refrigeration and do not spoil easily.

Our own armed forces are now making good use of some of the techniques and facilities for dehydrating foods developed as a part of the lend-lease food program.

Prior to lend-lease, there were 18 egg-drying plants in the United States with a capacity of 10,000,000 pounds annually; today there are 94 plants with an annual capacity of 315,-000,000 pounds and 29 plants under construction which will increase capacity to 400,000,000 pounds. Some 259,000,000 pounds of these dried eggs have already been purchased for lend-lease purposes. Nearly 90 percent of the egg requirements of our own armed forces overseas are now being supplied by dried eggs.

There were, before lend-lease, only 20 vegetable dehydration plants in this country, with a capacity of around 15,000,000 pounds annually. This summer, a total of 110 plants will be operating. Before the end of 1943, it is probable that 100 additional plants will come into operation.

There have been similar large increases in the facilities for producing dried milk and concentrated fruit juices.

In addition to encouraging the expansion of existing processes for dehydrating foods, lend-lease has encouraged the development of important new food products of reduced bulk.

The process of meat dehydration, which was not fully developed when the war began, has now been largely perfected and dehydrated meat is becoming available for shipment overseas. Lend-lease orders have resulted in the con-

struction of plants for large-scale production, and within the next six months at least eleven processing units, principally in the mid-west, will be producing dehydrated pork. This product is made of pre-cooked, fresh, lean pork. It has about one-third the volume of the original boneless meat and weighs about one-fourth as much.

Another type of concentrated pork product known as Tushonka is made of a boneless cut of lean meat, highly spiced and packed with lard. This is prepared especially to suit Russian needs and is being provided in large quantities for the Soviet Army. It can be eaten hot or cold, as a stew, a soup, or even as a meat loaf. It saves valuable shipping space on the routes to Russia.

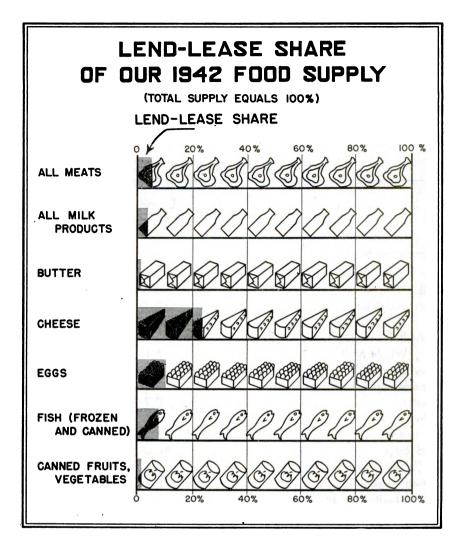
A new custard powder has been developed which will keep in all climates. When a little water is added and the mixture boiled, the result is an easily digested, highly nutritious food. Over a half million pounds of this product have already been purchased for lend-lease purposes.

A number of new uses for soybeans have been developed. An excellent sausage made of pork and twenty-two per cent soybean flour has been sent to the British armed forces in the United Kingdom and overseas through lend-lease, and it is very popular. Soybean products such as dehydrated soya soups, grits and flour are rich in proteins, vitamins, and minerals. They are highly concentrated and take up a minimum of cargo space.

A number of other products which possess valuable nutritive properties in a small bulk have been developed or are in experi-

mental stages.

An even further advance in the techniques of preparing food products of high nutritive value which can be shipped in small space has been made by the development of compressed dehydrated foods. These compressed foods save an additional 30 to 50 per cent of shipping space. These food products are still largely in the experimental stage, but certain foods such as dried eggs, are already being shipped in compressed form.



# Lend-Lease Food Shipments

During the two years in which lend-lease has been operating, we have sent to our allies over 4,000,000 tons of food-stuffs, costing approximately \$1,250,000,000. This amount, however, represented only a small percentage of our total food supply. The accompanying picture chart and table show the relation of lend-lease food exports to supply in 1942.

The quantity of beef which Australia and New Zealand together supplied to our forces was 40 percent larger than the amount of beef which we shipped to all lend-lease countries. The small amount of butter we shipped all went to the Soviet Union for the use of the Soviet Army in the cold climate on the Russian front. It was used particularly for wounded soldiers in military hospitals. Lend-lease exports of butter substitutes were many times larger than the exports of butter.

LEND-LEASE FOOD EXPORTS IN RELATION TO SUPPLY
Year Ended December 31, 1942

	Exports in Percent of Supply	Exports per 1,000 Units
Beef	0.2	2 pounds.
Veal	0.0	0 pounds
Lamb and Mutton	0.4	4 pounds.
Pork	9.7	97 pounds.
All Milk Products (Fluid Milk Equivalent)	3.4	34 quarts.
Dry Whole Milk	6.1	61 pounds.
Dry Skim Milk	23.0	230 pounds.
Condensed & Evaporated Milk	7.2	72 cans.
Butter	0.7	7 pounds.
Cheese	23.1	231 pounds.
Fats and Oils	13.2	132 pounds.
Dried Eggs 1	10.0	100 dozen.
Fish (Frozen and Canned)	7.1	71 pounds.
Canned Vegetables	0.8	8 cans.
Canned Fruits and Juices	1.7	17 cans.
Corn and Corn Products	0.1	1 bushel.
Wheat Products	0.3	3 bushels.
Dried Beans	5.0	50 pounds.
Dried Peas	6.0	60 pounds.
Dried Fruits	15.7	157 pounds.

<sup>&</sup>lt;sup>1</sup> Expressed in terms of fresh egg equivalent.

Until December 1942 most lend-lease exports of foodstuffs went to the United Kingdom. The British have increased their own production of food by one-half since the beginning of the war but are still dependent on overseas sources for about 40 percent. They have been able to obtain from Canada most

of the wheat they have imported and have received large quantities of meat, cheese and other foodstuffs from Canada, New Zealand, Australia, and South American countries. In addition, they had to import from the United States in 1942 about ten percent of their meat (practically all in the form of pork), twenty percent of their edible fats, and about twenty percent of their other protein foods such as cheese, dried and evaporated milk, and dried eggs. The amounts which we sent, however, constituted less than 25 percent of Britain's total food imports and only 10 percent of her total supply of all foods.

In the last three months, shipments of food to the Soviet Union have shown a sharp increase, and we may send more food to the Soviet Union than to Great Britain in 1943.

The foods which we have sent to Russia have been energy foods with meat and animal fats accounting for about thirty percent of the total, wheat and flour about twenty-five percent, sugar about seventeen percent, dried beans, peas, rice and cereals about twelve percent, vegetable oils about six percent, and dairy products about five percent.

In 1942, we exported for lend-lease purposes between 5½ and 6 percent of our total food supply. In order to meet the urgent war needs in the coming year it is hoped and expected that more will be sent.

In the first two months of 1943 lend-lease shipments of food have increased in many items and decreased in others. Further increases in some items may be expected. The Russian Army, and the Russian people will need all that we can send them. In addition we must be prepared to meet the requirements of areas now held by the Axis which will be liberated by United Nations forces in the coming months. Food must be sent into those areas not merely to alleviate the suffering of the populations, but as a military necessity. We need the active assistance of the people of the liberated areas, with those who are able to do so fighting by our side. This help can be secured only if we take steps to counteract the starvation imposed on the occupied countries by their Axis conquerors.

The amount of food actually shipped under lend-lease in 1943 will depend, of course, upon the total volume of production achieved in the United States, the amount of the different kinds of food available for our military and civilian consumption, and the availability of shipping. Our own armed forces and civilian population must be adequately fed and food must be supplied to our fighting allies. The allocacation of food between the requirements of our own armed forces, our civilians, our territories, and our allies is made by the Food Administration of the Department of Agriculture, after consultation with the Food Advisory Committee, on which the Army, the Navy, Lend-Lease, Board of Economic Warfare, and other food claimant agencies are represented. The Food Administration's program is coordinated with the allocations of United Nations supply made by the Combined Food Board.

# **APPENDICES**

# Appendix I LEND-LEASE ACT

Further to promote the defense of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "An Act to Promote the Defense of the United States."

#### Section 2.

As used in this Act-

(a) The term "defense article" means—

(1) Any weapon, munition, aircraft, vessel, or boat;

(2) Any machinery, facility, tool, material, or supply necessary for the manufacture, production, processing, repair, servicing, or operation of any article described in this subsection;

(3) Any component material or part of or equipment for any article

described in this subsection;

(4) Any agricultural, industrial or other commodity or article for defense.

Such term "defense article" includes any article described in this subsection manufactured or procured pursuant to section 3, or to which the United States or any foreign government has or hereafter acquires title, possession, or control.

(b) The term "defense information" means any plan, specification, design, prototype, or information pertaining to any defense article.

#### Section 3.

- (a) Notwithstanding the provisions of any other law, the President may, from time to time, when he deems it in the interest of national defense, authorize the Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government—
  - (1) To manufacture in arsenals, factories, and shippards under their jurisdiction, or otherwise procure, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for the government of any country whose defense the President deems vital to the defense of the United States.

- (2) To sell, transfer title to, exchange, lease, lend, or otherwise dispose of, to any such government any defense article, but no defense article not manufactured or procured under paragraph (1) shall in any way be disposed of under this paragraph, except after consultation with the Chief of Staff of the Army or the Chief of Naval Operations of the Navy, or both. The value of defense articles disposed of in any way under authority of this paragraph, and procured from funds heretofore appropriated, shall not exceed \$1,300,000,000. The value of such defense articles shall be determined by the head of the department or agency concerned or such other department, agency, or officer as shall be designated in the manner provided in the rules and regulations issued hereunder. Defense articles procured from funds hereafter appropriated to any department or agency of the Government, other than from funds authorized to be appropriated under this Act, shall not be disposed of in any way under authority of this paragraph except to the extent hereafter authorized by the Congress in the Acts appropriating such funds or otherwise.
- (3) To test, inspect, prove, repair, outfit, recondition, or otherwise to place in good working order, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress or both, any defense article for any such government, or to procure any or all such services by private contract.

(4) To communicate to any such government any defense information, pertaining to any defense article furnished to such government

under paragraph (2) of this subsection.

(5) To release for export any defense article disposed of in any way under this subsection to any such government.

- (b) The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory.
- (c) After June 30, 1943, or after the passage of a concurrent resolution by the two Houses before June 30, 1943, which declares that the powers conferred by or pursuant to subsection (a) are no longer necessary to promote the defense of the United States, neither the President nor the head of any department or agency shall exercise any of the powers conferred by or pursuant to subsection (a); except that until July 1, 1946, any of such powers may be exercised to the extent necessary to carry out a contract or agreement with such a foreign government made before July 1, 1943, or before the passage of such concurrent resolution, whichever is the earlier.

(d) Nothing in this Act shall be construed to authorize or to permit the authorization of convoying vessels by naval vessels of the United States.

(e) Nothing in this Act shall be construed to authorize or to permit the authorization of the entry of any American vessel into a combat area in violation of section 3 of the Neutrality Act of 1939.

#### Section 4.

All contracts or agreements made for the disposition of any defense article or defense information pursuant to section 3 shall contain a clause by which the foreign government undertakes that it will not, without the consent of the President, transfer title to or possession of such defense article or defense information by gift, sale, or otherwise, or permit its use by anyone not an officer, employee, or agent of such foreign government.

#### Section 5.

- (a) The Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government involved shall, when any such defense article or defense information is exported, immediately inform the department or agency designated by the President to administer section 6 of the Act of July 2, 1940 (54 Stat. 714), of the quantities, character, value, terms of disposition, and destination of the article and information so exported.
- (b) The President from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose. Reports provided for under this subsection shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

#### Section 6

- (a) There is hereby authorized to be appropriated from time to time, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to carry out the provisions and accomplish the purposes of this Act.
- (b) All money and all property which is converted into money received under section 3 from any government shall, with the approval of the Director of the Budget, revert to the respective appropriation or appropriations out of which funds were expended with respect to the defense article or defense information for which such consideration is received, and shall be available for expenditure for the purpose for which such expended funds were appropriated by law, during the fiscal year in which such funds are received and the ensuing fiscal year; but in no event shall any funds so received be available for expenditure after June 30, 1946.

#### Section 7

The Secretary of War, the Secretary of the Navy, and the head of the department or agency shall in all contracts or agreements for the disposition of any defense article or defense information fully protect the rights of all citizens of the United States who have patent rights in and to any such article or information which is hereby authorized to be disposed of and the payments collected for royalties on such patents shall be paid to the owner and holders of such patents.

#### Section 8.

The Secretaries of War and of the Navy are hereby authorized to purchase or otherwise acquire arms, ammunition, and implements of war produced within the jurisdiction of any country to which section 3 is applicable, whenever the President deems such purchase or acquisition to be necessary in the interests of the defense of the United States.

#### Section 9.

The President may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out any of the provisions of this Act; and he may exercise any power or authority conferred on him by this Act through such department, agency, or officer as he shall direct.

#### Section 10.

Nothing in this Act shall be construed to change existing law relating to the use of the land and naval forces of the United States, except insofar as such use relates to the manufacture, procurement, and repair of defense articles, the communication of information and other noncombatant purposes enumerated in this Act.

#### Section 11.

If any provision of this Act or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances shall not be affected thereby.

APPROVED, March 11, 1941.

# Appendix II PUBLIC LAW 1—78TH CONGRESS

# Chapter 1—1st Session

SEC. 4. Hereafter any ship, boat, barge, or floating drydock of the Navy may be leased in accordance with the Act approved March 11, 1941 (55 Stat. 31), but not otherwise disposed of, for periods not beyond the termination of the present wars, but title thereto shall remain in the United States.

# Appendix III

# AMOUNTS OF LEND-LEASE AID AUTHORIZED

## Lend-Lease Act—March 11, 1941

This Act appropriated no money, but empowered the President to transfer a maximum of \$1,300,000,000 of defense articles, obtained with funds appropriated prior to the date of the Act.

## First Lend-Lease Appropriation Act—March 27, 1941

This Act appropriated \$7,000,000,000 for lend-lease, of which \$13,000,000 was transferred to the Treasury Department to cover the cost of 10 Coast Guard cutters turned over to Great Britain.

# First Supplemental Nat'l Defense Approp. Act—August 25, 1941

Title III of this Act added \$1,296,650,000 in appropriated funds and contract authorizations to the Maritime Commission's general funds, established by the 1936 Merchant Marine Act, for ship and facilities construction, and empowered the President to lease vessels constructed or acquired with funds appropriated by this title.

## Second Lend-Lease Appropriation Act—October 28, 1941

Title I of this Act appropriated \$5,985,000,000 for the procurement of defense articles, information and services under the Lend-Lease Act. In addition, it authorized the President to enter into contracts for the procurement of defense articles, information or services for the government of any country whose defense has been deemed vital to the defense of the United States upon the agreement of such country to pay for the same, and also authorized the President to dispose of such articles, information, and services upon payment of the full cost thereof. This authority to contract is limited by the provision that the total amounts remaining to be paid under outstanding contracts shall not exceed \$600,000,000 at any one time.

## Third Supplemental Nat'l Defense Approp. Act—Dec. 17, 1941

Title I of this Act appropriated money to the War Department and changed the provisions of the Lend-Lease Act in regard to the transfer of defense articles. The President was empowered to transfer War Department articles procured from funds appropriated prior to or since March 11, 1941, to the value of \$2,000,000,000. The limitation of \$1,300,000,000, which applied to goods obtained from appropriations made prior to March 11, 1941, was reduced to \$800,000,000, and this new limitation was made to apply only to articles other than War Department articles.

# Fourth Supplemental Nat'l Defense Approp. Act—Jan. 30, 1942

Title I of this Act appropriated money to the War Department and empowered the President to lend-lease War Department articles procured from funds appropriated in this title to the value of \$4,000,000,000. These articles will come principally from the aircraft category and to a lesser extent from ordnance and other categories.

## Naval Appropriation Act—February 7, 1942

Title III of this Act empowered the President to lease, for a period of time not exceeding the duration of the existing emergency, ships to be constructed at a cost not to exceed \$3,900,000,000, and to transfer defense articles procured from funds appropriated by this Act to the value of \$2,500,000,000.

# Fifth Supplemental Nat'l Defense Approp. Act—March 5, 1942

Title I of this Act appropriated money to the War Department and empowered the President to lend-lease defense articles procured from funds appropriated in this title to the value of \$11,250,000,000. These articles will come principally from the ordnance category and to a lesser extent from other categories.

Title II of this Act appropriated to the Maritime Commission additional funds and authorized contracts totaling \$3,850,000,000 for construction of ships and facilities, and empowered the President to lease ships authorized in this title.

Title III of this Act appropriated directly to the President \$5,425,000,000 for lend-lease.

# Sixth Supplemental Nat'l Defense Approp. Act—April 28, 1942

Title I of this Act appropriated money to the War Department and empowered the President to lend-lease defense articles procured from funds therein appropriated up to the value of \$2,220,000,000, and defined "defense article" to include defense information and services, and the expenses incurred in connection with the procurement of defense articles, information and services.

## Military Appropriation Act, 1943—July 2, 1942

This Act appropriated money to the War Department and empowered the President to lend-lease defense articles procured from funds therein appropriated up to the value of \$12,700,000,000, and defined "defense article" to include defense information and services, and the expenses incurred in connection with the procurement of defense articles, information and services.

## Second Suppl. Nat'l Defense Approp. Act, 1943—Oct. 26, 1942

Title I of this Act empowered the President to lend-lease defense articles, information, and services procured from any funds appropriated to the Navy

Department subsequent to March 11, 1941 up to a value of \$3,000,000,000 for defense articles (other than ships), information and services, and authorized the leasing of ships without limitation as to amount—the \$3,000,000,000 limitation on the lend-leasing of defense articles, information and services replacing the \$2,500,000,000 limitation imposed by the Naval Appropriation Act of February 7, 1942.

Title II of this Act expressly provided that funds appropriated for lend-lease purposes shall be available retroactively as well as prospectively for the procurement, disposition or furnishing of defense information or defense services whether or not such information or services are necessary to or connected with the procurement or disposition of any defense article.

#### RECAPITULATION OF AID AUTHORIZED

The amount of lend-lease aid that may be provided under the various acts is summarized as follows:

Lend-Lease Appropriations to the President	
First Lend-Lease Appropriation	\$7,000,000,000
Second Lend-Lease Appropriation	5,985,000,000
Third Lend-Lease Appropriation (Fifth Supp. 1942)	5,425,000,000
Total	18,410,000,000
Transfers Authorized From Other Appropriations	
War Department—Third Supplemental, 1942	\$2,000,000,000
War Department—Fourth Supplemental, 1942	4,000,000,000
War Department—Fifth Supplemental, 1942	11,250,000,000
War Department—Sixth Supplemental, 1942	2,220,000,000
War Department-Military Appropriation Act, 1943	12,700,000,000
Navy Department—Second Supplemental, 1943	3,000,000,000
Departments other than War—Third Supplemental, 1942.	800,000,000
Total	35,970,000,000
Value of Ships Which May Be Leased	
Maritime Commission—First Supplemental, 1942	1,296,650,000
Maritime Commission—Fifth Supplemental, 1942	3,850,000,000
Navy Department—Naval Appropriation Act, 1942(no	limitation as
to	amount. See
	note.)

Note.—Title III of the Naval Appropriation Act of February 7, 1942, authorized the leasing of specified naval ships to be constructed at a cost not exceeding \$3,900,000,000. Under Title I of the Second Supplemental National Defense Appropriation Act, 1943, however, naval ships may be leased, but not otherwise disposed of, without limitation as to amount.

In previous reports, the value of ships which may be leased was included in the table of transfers authorized. It is more accurate to separate this item since the appropriation acts provide that the ships may only be leased.

# Appendix IV

# EXECUTIVE ORDER ESTABLISHING OFFICE OF LEND-LEASE ADMINISTRATION

By virtue of the authority vested in me by the Constitution and statutes of the United States, and particularly by the Act of March 11, 1941, entitled "An Act further to promote the defense of the United States and for other purposes" (hereafter referred to as the Act), and by the Defense Aid Supplemental Appropriation Act, 1941, approved March 27, 1941, and acts amendatory or supplemental thereto, in order to define further the functions and duties of the Office for Emergency Management of the Executive Office of the President in respect to the national emergency as declared by the President on May 27, 1941, and in order to provide for the more effective administration of those Acts in the interests of national defense, it is hereby ordered as follows:

- 1. There shall be in the Office for Emergency Management of the Executive Office of the President an Office of Lend-Lease Administration, at the head of which shall be an Administrator, appointed by the President, who shall receive compensation at such rate as the President shall approve and, in addition, shall be entitled to actual and necessary transportation, subsistence, and other expenses incidental to the performance of his duties.
- 2. Subject to such policies as the President may from time to time prescribe, the Administrator is hereby authorized and directed, pursuant to Section 9 of the Act, to exercise any power or authority conferred upon the President by the Act and by the Defense Aid Supplemental Appropriation Act, 1941 and any acts amendatory or supplemental thereto, with respect to any nation whose defense the President shall have found to be vital to the defense of the United States: *Provided*, That the master agreement with each nation receiving lend-lease aid, setting forth the general terms and conditions under which such nation is to receive such aid, shall be negotiated by the State Department, with the advice of the Economic Defense Board and the Office of Lend-Lease Administration.
- 3. The Administrator shall make appropriate arrangements with the Economic Defense Board for the review and clearance of lend-lease transactions which affect the economic defense of the United States as defined in Executive Order No. 8839 of July 30, 1941.
- 4. Within the limitation of such funds as may be made available for that purpose, the Administrator may appoint one or more Deputy or Assistant Administrators and other personnel, delegate to such Deputy or Assistant Administrators any power or authority conferred by these orders, and make provision for such supplies, facilities, and services as shall be necessary to carry out the provisions of this Order. In so far as practicable, the Office of Lend-Lease Administration shall use such general business services and facilities as may be made available to it through the Office for Emergency Management.

5. Executive Order No. 8751 of May 2, 1941, establishing the Division of Defense Aid Reports and defining its functions and duties, is hereby revoked.

THE WHITE HOUSE,
October 28, 1941.

FRANKLIN D. ROOSEVELT

# Appendix V

STATUS OF NATIONS  (LEND-LEASE COUNTRIES AND UNITED NATIONS)  UNITED NATIONS DECLARATION SIGNED  ELIGIBLE FOR ELIGIBLE FOR AGREEMENT SIGNED  AGREEMENT SIGNED									
ARGENTINA			mmn	(07000007A)	INDIA			<u> </u>	<del> </del>
AUSTRALIA		Willia Willia			IRAN	<del> </del>			
BELGIUM					IRAQ	<del> </del>			
BOLIVIA					LIBERIA	ļ		ļ	
BRAZIL					LUXEMBOURG			ļ	
CANADA					MEXICO				
CHILE					NETHERLANDS				
CHINA					NEW ZEALAND				
COLOMBIA					NICARAGUA				
COSTA RICA					NORWAY				
CUBA					PANAMA				
CZECHOSLOVAKIA					PARAGUAY				
DOMINICAN REPUBLIC					PERU				
ECUADOR	-				PHILIPPINES				
EGYPT					POLAND				
EL SALVADOR		Willin			SOUTH AFRICA				
ETHIOPIA					TURKEY		Wille		
FIGHTING FRANCE					UNITED KINGDOM		Willia		
GREECE		WIIII			UNITED STATES				
GUATEMALA					U. S. S. R.		illiin		
HAITI					URUGUAY		Willin		
HONDURAS					VENEZUELA		W/////		
ICELAND		Willia.			YUGOSLAVIA		Willin		

# STATUS OF NATIONS (Continued)

The Master Agreement with the U. S. S. R. is contained in Appendix VI. Lend-lease agreements with the following countries are identical with the Russian agreement: China, United Kingdom, Belgium, Poland, Netherlands, Greece, Czechoslovakia, Norway, and Yugoslavia. In addition, Australia and New Zealand have accepted the same principles. Canada has agreed to the principles set forth in Article VII of the Master Agreements, in an exchange of notes with the United States, dated November 30, 1942.

The reciprocal aid agreement with United Kingdom is contained in Appendix VII. Reciprocal aid agreements have also been signed with Australia, New Zealand, Fighting France and Belgium. The terms of all these agreements are substantially similar.

# Appendix VI SOVIET MASTER AGREEMENT

Agreement between the United States of America and the Union of Soviet Socialist Republics on the principles applying to mutual aid in the prosecution of the war against aggression.

Whereas the Governments of the United States of America and the Union of Soviet Socialist Republics declare that they are engaged in a cooperative undertaking, together with every other nation or people of like mind, to the end of laying the bases of a just and enduring world peace securing order under law to themselves and all nations;

And whereas the Governments of the United States of America and the Union of Soviet Socialist Republics, as signatories of the Declaration by United Nations of January 1, 1942, have subscribed to a common program of purposes and principles embodied in the Joint Declaration, known as the Atlantic Charter, made on August 14, 1941, by the President of the United States of America and the Prime Minister of the United Kingdom of Great Britain and Northern Ireland, the basic principles of which were adhered to by the Government of the Union of Soviet Socialist Republics on September 24, 1941;

And whereas the President of the United States of America has determined, pursuant to the act of Congress of March 11, 1941, that the defense of the Union of Soviet Socialist Republics against aggression is vital to the defense of the United States of America;

And whereas the United States of America has extended and is continuing to extend to the Union of Soviet Socialist Republics aid in resisting aggression; And whereas it is expedient that the final determination of the terms and conditions upon which the Government of the Union of Soviet Socialist Republics receives such aid and of the benefits to be received by the United States of America in return therefor should be deferred until the extent of the defense aid is known and until the progress of events makes clearer the final terms and conditions and benefits which will be in the mutual interests of the United States of America and the Union of Soviet Socialist Republics and will promote the establishment and maintenance of world peace;

And whereas the Governments of the United States of America and the Union of Soviet Socialist Republics are mutually desirous of concluding now a preliminary agreement in regard to the provision of defense aid and in regard to certain considerations which shall be taken into account in determining such terms and conditions and the making of such an agreement has been in all respects duly authorized, and all acts, conditions and formalities which it may have been necessary to perform, fulfill or execute prior to the making of such an agreement in conformity with the laws either of the United States of America or of the Union of Soviet Socialist Republics have been performed, fulfilled or executed as required;

The undersigned, being duly authorized by their respective Governments for that purpose, have agreed as follows:

#### Article 1

The Government of the United States of America will continue to supply the Government of the Union of Soviet Socialist Republics with such defense articles, defense services, and defense information as the President of the United States of America shall authorize to be transferred or provided.

#### Article II

The Government of the Union of Soviet Socialist Republics will continue to contribute to the defense of the United States of America and the strengthening thereof and will provide such articles, services, facilities or information as it may be in a position to supply.

#### Article III

The Government of the Union of Soviet Socialist Republics will not without the consent of the President of the United States of America transfer title to, or possession of, any defense article or defense information transferred to it under the Act of March 11, 1941 of the Congress of the United States of America or permit the use thereof by anyone not an officer, employee, or agent of the Government of the Union of Soviet Socialist Republics.

#### Article IV

If, as a result of the transfer to the Government of the Union of Soviet Socialist Republics of any defense article or defense information, it becomes necessary for that Government to take any action or make any payment in order fully to protect any of the rights of a citizen of the United States of

America who has patent rights in and to any such defense article or information, the Government of the Union of Soviet Socialist Republics will take such action or make such payment when requested to do so by the President of the United States of America.

#### Article V

The Government of the Union of Soviet Socialist Republics will return to the United States of America at the end of the present emergency, as determined by the President of the United States of America, such defense articles transferred under this Agreement as shall not have been destroyed, lost or consumed and as shall be determined by the President to be useful in the defense of the United States of America or of the Western Hemisphere or to be otherwise of use to the United States of America.

#### Article VI

In the final determination of the benefits to be provided to the United States of America by the Government of the Union of Soviet Socialist Republics full cognizance shall be taken of all property, services, information, facilities, or other benefits or considerations provided by the Government of the Union of Soviet Socialist Republics subsequent to March 11, 1941, and accepted or acknowledged by the President on behalf of the United States of America.

#### Article VII

In the final determination of the benefits to be provided to the United States of America by the Government of the Union of Soviet Socialist Republics in return for aid furnished under the Act of Congress of March 11, 1941, the terms and conditions thereof shall be such as not to burden commerce between the two countries, but to promote mutually advantageous economic relations between them and the betterment of worldwide economic relations. To that end, they shall include provision for agreed action by the United States of America and the Union of Soviet Socialist Republics, open to participation by all other countries of like mind, directed to the expansion, by appropriate international and domestic measures, of production, employment, and the exchange and consumption of goods, which are the material foundations of the liberty and welfare of all peoples; to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers; and, in general, to the attainment of all the economic objectives set forth in the Joint Declaration made on August 14, 1941, by the President of the United States of America and the Prime Minister of the United Kingdom, the basic principles of which were adhered to by the Government of the Union of Soviet Socialist Republics on September 24, 1941.

At an early convenient date, conversations shall be begun between the two Governments with a view to determining, in the light of governing economic conditions, the best means of attaining the above-stated objectives by their own agreed action and of seeking the agreed action of other like-minded Governments.

#### Article VIII

This Agreement shall take effect as from this day's date. It shall continue in force until a date to be agreed upon by the two Governments.

Signed and sealed at Washington in duplicate this eleventh day of June, 1942.

For the Government of the United States of America

CORDELL HULL,

Secretary of State of the United States of America.

For the Government of the Union of Soviet Socialist Republics

MAXIM LITVINOFF,

Ambassador of the Union of Soviet Socialist Republics at Washington.

The following is an exchange of notes between the Secretary of State and the Ambassador of the Union of Soviet Socialist Republics at Washington:

DEPARTMENT OF STATE,

Washington, June 11, 1942.

#### EXCELLENCY:

In connection with the signature on this date of the Agreement between our two Governments on the Principles Applying to Mutual Aid in the Prosecution of the War Against Aggression, I have the honor to confirm our understanding that this Agreement replaces and renders inoperative the two prior arrangements on the same subject between our two Governments, the most recent of which was expressed in the exchange of communications between the President and Mr. Stalin dated respectively February 13, February 20, and February 23, 1942.

Accept, Excellency, the renewed assurances of my highest consideration.

CORDELL HULL,
Secretary of State of the United States of America.

His Excellency MAXIM LITVINOFF,

Ambassador of the Union of Soviet Socialist Republics.

JUNE 11, 1942.

#### EVERT TRACE.

In connection with the signature on this date of the Agreement between our two Governments on the Principles Applying to Mutual Aid in the Prosecution of the War Against Aggression, I have the honor to confirm our understanding that this Agreement replaces and renders inoperative the two prior arrangements on the same subject between our two Governments, the most recent of which was expressed in the exchange of communications between the President and Mr. Stalin dated respectively February 13, February 20, and February 23, 1942.

Accept, Excellency, the renewed assurances of my highest consideration.

MAXIM LITVINOFF,

Ambassador of the Union of Soviet Socialist Republics at Washington. His Excellency Cordell Hull,

Secretary of State of the United States of America,

Washington, D. C.

# Appendix VII

# UNITED KINGDOM RECIPROCAL AID AGREEMENT

The Honorable Cordell Hull,

Secretary of State, United States Department of State,

Washington, D. C.

Sir: In the United Nations declaration of January 1, 1942, the contracting governments pledged themselves to employ their full resources, military or economic, against those nations with which they are at war and in the Agreement of February 23, 1942, each contracting government undertook to provide the other with such articles, services, facilities or information useful in the prosecution of their common war undertaking as each may be in a position to supply. It is further the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland that the general principle to be followed in providing mutual aid as set forth in the said Agreement of February 23, 1942, is that the war production and the war resources of both Nations should be used by the armed forces of each and of the other United Nations in ways which most effectively utilize the available materials, manpower, production facilities and shipping space.

With a view, therefore, to supplementing Article 2 and Article 6 of the Agreement of February 23, 1942, between our two Governments for the provision of reciprocal aid, I have the honour to set forth below the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland of the principles and procedures applicable to the provision of aid by the Government of the United Kingdom of Great Britain and Northern Ireland to the armed forces of the United States and the manner in which such aid will be correlated with the maintenance of those forces by the United States Government.

1. While each Government retains the right of final decision, in the light of its own potentialities and responsibilities, decisions as to the most effective use of resources shall, so far as possible, be made in common, pursuant to common plans for winning the war.

2. As to financing the provision of such aid, within the fields mentioned below, it is the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland that the general principle to be applied, to the point at which the common war effort is most effective, is that as large a portion as possible of the articles and services which each Government may authorize to be provided to the other shall be in the form of reciprocal aid so that the need of each Government for the currency of the other may be reduced to a minimum.

It is accordingly the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland that the United States Government will provide, in accordance with the provisions of, and to the extent authorized under, the Act of March 11, 1941, the share of its war production made available to the United Kingdom. The Government of the United Kingdom will provide on the same terms and as reciprocal aid so much of its war production made available to the United States as it authorizes in accordance with the Agreement of February 23, 1942.

3. The Government of the United Kingdom will provide the United States or its armed forces with the following types of assistance as such reciprocal aid, when it is found that they can most effectively be procured

in the United Kingdom or in the British Colonial Empire:

(a) Military equipment, munitions, and military and naval stores.

(b) Other supplies, materials, facilities, and services for the United States forces, except for the pay and allowances of such forces, administrative expenses, and such local purchases as its official establishments may make other than through the official establishments of the Government of the United Kingdom as specified in paragraph 4.

(c) Supplies, materials, and services needed in the construction of military projects, tasks and similar capital works required for the common war effort in the United Kingdom or in the British Colonial Empire, except for the wages and salaries of United States citizens.

- (d) Supplies, materials and services needed in the construction of such military projects, tasks and capital works in territory other than the United Kingdom or the British Colonial Empire or territory of the United States to the extent that the United Kingdom or the British Colonial Empire is a more practicable source of supply than the United States or another of the United Nations.
- 4. The practical application of the principles formulated in this note, including the procedure by which requests for aid by either Government are made and acted upon, shall be worked out as occasion may require by agreement between the two Governments, acting when possible through their appropriate military or civilian administrative authorities. Requests by the United States Government for such aid will be presented by duly authorized authorities of the United States to official agencies of the United Kingdom which will be designated or established in London and in the areas where United States forces are located for the purpose of facilitating the provision of reciprocal aid.
- 5. It is the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland that all such aid, as well as other aid, including information, received under Article 6 of the Agreement of February 23, 1942, accepted by the President of the United States or his authorized representatives from the Government of the United Kingdom will be received as a benefit to the United States under the Act of March 11, 1941. Insofar as circumstances will permit, appropriate record of aid received under this arrangement, except for miscellaneous facilities and services, will be kept by each Government.

If the Government of the United States concurs in the foregoing, I would suggest that the present note and your reply to that effect be regarded as placing on record the understanding of our two Governments in this matter.

I have the honour to be, with the highest consideration, Sir, your most

obedient, humble servant,

HALIFAX.

His Excellency the Right Honorable The Viscount Hallfax, K. G., British Ambassador.

EXCELLENCY: I have the honor to acknowledge the receipt of Your Excellency's note of today's date concerning the principles and procedures applicable to the provision of aid by the Government of the United Kingdom of Great Britain and Northern Ireland to the armed forces of the United States of America.

In reply I wish to inform you that the Government of the United States agrees with the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland as expressed in that note. In accordance with the suggestion contained therein, your note and this reply will be regarded as placing on record the understanding between our two Governments in this matter.

This further integration and strengthening of our common war effort gives me great satisfaction.

Accept, Sir, the renewed assurances of my highest consideration.

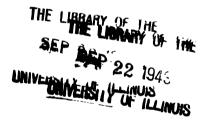
CORDELL HULL,

Secretary of State of the United States of America.

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# REPORT TO CONGRESS ON LEND-LEASE OPERATIONS

For the Period Ended April 30, 1943



# REPORT TO CONGRESS ON LEND-LEASE OPERATIONS

For the Period Ended April 30, 1943

"The President from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose."

[From Section 5, subsection b of "An Act to Promote the Defense of the United States" (Public Law No. 11, 77th Congress, 1st Session).]

# CONTENTS

Chapter	Page
President's Letter of Transmittal	5
1. The Lend-Lease Program to Date	7
2. Lend-Lease in the Theaters of War	16
3. Special Activities	33
Appendix  I. Lend-Lease Act  II. Amounts of Lend-Lease Aid Authorized  III. Status of Nations	
	27
I. Lend-Lease Act	
II. Amounts of Lend-Lease Aid Authorized	41
III. Status of Nations	42
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# PRESIDENT'S LETTER OF TRANSMITTAL

To the Congress of the United States of America:

As I transmit to the 78th Congress a Report of Operations under the Lend-Lease Act from March 11, 1943 to April 30, 1943, the last members of the once vaunted Afrika Korps and their Italian allies are streaming into prison camps. The peoples of Tunis and Bizerte are hailing their liberation—and Italians among them are as enthusiastic as any for their deliverance.

An entire continent—the continent of Africa—has now been cleared of the enemy. Its people have been freed from Nazi and Fascist rule. In Africa we have dealt a blow which is sorely felt in Berlin and Rome and Tokyo; and we have brought hope to millions still to be liberated. Liberation of Africa is a forerunner of the future.

In the coming battles for Germany and Japan, we shall need the full support and the full resources of the peoples of the newly liberated areas. This is a military and political necessity of the first order. Their fields can produce food not only for their own people, but for the United Nations' forces. Their factories and mines can supply not only themselves, but our armies as well.

The peoples in liberated areas are enlisting in support of the United Nations' cause. Their support will reflect itself in active cooperation at the proper time by millions still to be liberated. They appreciate, as only those who lost freedom can appreciate, the compelling necessity for overthrowing tyranny.

Our lend-lease operations in North and West Africa—the first of the liberated areas—have demonstrated how a freed people can aid in the defeat of the Axis. In this victory, our military operations have been backed up by the friendly support of the peoples behind the lines. We also were aided by the new French armies. They were equipped with lend-lease weapons. They were and are an important part of the United Nations' fighting forces. Aid has also been given us and the other United Nations by the liberated peoples of French Africa in the production and shipment of strategic and critical materials for our war production program.

As we progress to victory, the United Nations have brought and are bringing food for the starving and medicine for the sick in the areas which we set free. Our promises are being fulfilled in deeds. Our integrity is enlisting the peoples and resources of these areas as effective fighting partners in the common fight against Axis aggression and tyranny.

While Axis prisoners have streamed into captivity at the end of our campaign of liberation in North Africa, lend-lease has shipped greater and greater quantities of war matériel into the battle areas—and into the other countries allied with us.

In my lend-lease report to the Congress on September 11, 1941, I stated that "it is our task to turn the workshops of our industry into mighty forges of war—to out-build the aggressors in every category of modern arms."

Today, we are out-building the aggressors in every category of modern arms. And we are delivering them in the amounts necessary to build up the striking power for offensives that will end only in Berlin and Tokyo.

As lend-lease moves ahead in its third year, our armed forces, our supplies, and the combined efforts of the United Nations are driving ahead to complete victory over the enemy.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE May 25, 1943.

# Chapter 1

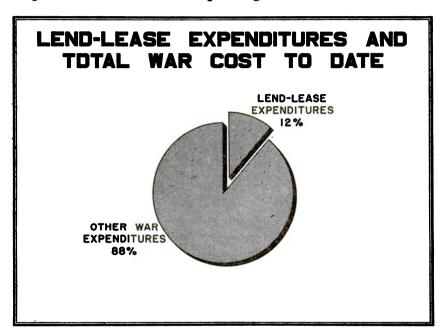
# THE LEND-LEASE PROGRAM TO DATE

The streams of war weapons flowing from the United States to the battle fronts mingle with streams from many other United Nations sources. War supplies flow from the centers of war production of each of the United Nations to the battlefronts. The supplies may be used by the fighting forces of the country which produces them, by the forces of the United States, or by the forces of one of the other United Nations. The Soviet and British fighting forces are principally equipped from the output of their own factories and farms. Great Britain is an arsenal of finished munitions, second only to the United States, and Canada, India, and Australia are important war production centers. The Soviet Union is an arsenal of the first magnitude. In addition to weapons and battle equipment sent the fighting fronts, the United Nations provide great quantities of the essential raw materials, such as copper, nickel and tin, mica and tungsten, wool and rope fiber for the production of war supplies in the United Nations arsenals.

Lend-lease supplies from the United States fill critical deficiencies. They are sent in order to attain the maximum possible United Nations production of the tools of war, and to bring the greatest possible weight of men and materials to bear against the Axis, in accordance with the time table and geography of United Nations strategy. That strategy is to win unconditional surrender and to win it as quickly as possible—in Rome and Berlin and Tokyo.

# Total Aid

Lend-lease aid furnished by the United States from March 11, 1941, to April 30, 1943, totalled \$11,102,000,000. Of this amount \$9,214,000,000 represents the value of goods transferred to our allies and \$1,888,000,000, the value of services rendered. Lend-lease expenditures have been approximately 12 percent of our total war spending to date.



Munitions have been 46 percent of total lend-lease aid; industrial materials and equipment for our allies' war production 22 percent; agricultural products 15 percent; and shipping and other services 17 percent.

The dollar value of lend-lease aid in March 1943 was \$688,000,000 and in April was \$783,000,000. Table 1 shows the dollar value of lend-lease transfers and services.

# Lend-Lease Exports

Most lend-lease goods transferred to foreign governments have been sent overseas to the fighting fronts. The dollar value of lend-lease exports from March 11, 1941, to April 1,

#### TOTAL LEND-LEASE AID

#### Thousands of Dollars

X

	April 1943	March 1943	Cumulative Mar. 1941 through Apr. 1943
Goods Transferred	\$720,103	\$663,275	\$9,214,238
Services Rendered	62,851	24,450	1,888,234
Total Lend-Lease Aid	782,954	687,725	11,102,472

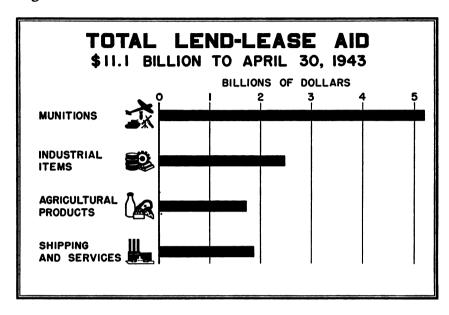
Table 1

1943 (figures for April exports are not yet available) was \$7,105,000,000. This does not include the value of certain lend-leased planes which were flight-delivered and ships which were lend-leased and sailed to their destinations under their own power. The dollar value of these amounted to approximately \$700,000,000 additional.

The difference between the dollar value of lend-lease transfers and lend-lease exports is due principally to (1) goods transferred to lend-lease countries and used in the United States, such as trainer planes used in the training in this country of pilots of other United Nations, and (2) goods which have been transferred, but not yet exported.

The total of goods transferred and services rendered is the best measure of the over-all amount of lend-lease aid. However, in view of the global nature of the war, the name of the government to which goods are transferred does not necessarily indicate the battle front on which the goods will be used; for example, guns transferred to the United Kingdom may be used by New Zealand troops fighting in North Africa. Hence in considering aid by countries, the export figures give a better picture of the part played by lend-lease in the various fronts of the war than do the figures on transfers.

Table 2 shows the monthly totals of lend-lease exports by country. Exports in March reached a new high, totalling \$712,000,000, more than twice as much as in the corresponding month a year ago and 20 percent more than in the previous high month.



As shown in Table 3, nearly half of all lend-lease exports have been munitions. We have sent over a billion dollars' worth of guns and ammunition and bombs. We have sent many thousands of planes, including nearly \$900,000,000 worth sent aboard ship and many others flown direct by air. We have sent over \$600,000,000 of military motor vehicles, and over \$500,000,000 of tanks.

For the arsenals of the other United Nations we have sent more than \$1,950,000,000 of machinery and tools, steel, armor plate, aluminum, copper, chemicals, and other materials for use in making more guns, planes, tanks, and ships with which to fight our common enemies.

We have shipped more than \$1,600,000,000 worth of agricultural products. Most of this has been food shipped principally to Russia, for the Soviet Army, and to Great Britain, for the British armed forces and those on the production front

# LEND-LEASE EXPORTS—MONTHLY

# Millions of Dollars

	United Kingdom	U. S. S. R.	Africa and Middle East	China, India, Aus- tralia, New Zealand	Other	Total
1941 Mar Apr May Jun	1 9 26		1 5 6	1 1	1 4 1 2	1 6 16 35
Jul	49 46 74 141 107 119	1	19 14 7 12 11 21	1 5 2 12 18 12	3 2 2 1 2 2	72 67 85 166 139 154
1942 Jan Feb Mar Apr May	103 78 138 128 134 183	15 55 96 160 70 109	24 26 25 45 37 35	19 21 46 55 46 35	13 12 7 15 7	174 192 312 403 294 374
Jul	155 146 208 218 181 195	103 148 96 113 185 164	62 55 69 97 90 110	57 56 67 83 55 97	20 17 13 26 13 20	397 422 453 537 524 586
1943 Jan	174 205 298	153 167 187	90 35 104	72 48 66	15 25 57	504 480 712
TOTAL EXPORTS	3,116	1,822	1,000	875	292	7,105

Table 2

### LEND-LEASE EXPORTS—CUMULATIVE—MARCH 1941 THROUGH MARCH 31, 1943

#### Millions of Dollars

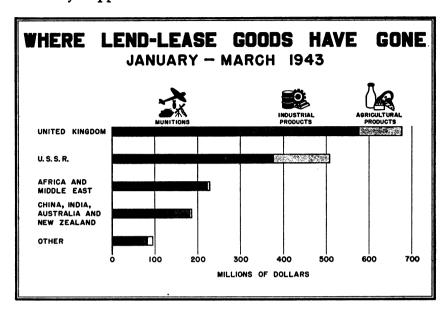
	United King- dom	U. S. S. R.	Africa and Middle East	China, India, Australia, New Zealand	Other	Total
MUNITIONS Ordnance	148 265 199 104 94 71	60 220 327 180 229 25	93 186 135 133 148 15	78 145 139 117 113	36 42 87 19 23 14	415 858 887 553 607 132
Total	881	1,041	710	599	221	3,452
INDUSTRIAL ITEMS  Machinery  Metals  Petroleum Products  Other	191 334 261 185	122 235 11 97	61 94 35 56	50 104 43 42	6 12 5 27	430 779 355 407
TotalAGRICULTURAL PRODUCTS	971	465	246	239	50	1,971
Foodstuffs	1,033 231	283 33	40 4	24 13	19 2	1,399 283
Total		316 1,822	44 1,000	37 875	21 292	1,682 7,105

The above data do not include the value of certain lend-leased planes, which were flight-delivered, and ships, which were lend-leased and sailed to their destinations under their own power.

Table 3

who are supplying the fighting lines. We have also sent food for the people of Algeria and Morocco and now for Tunisia. Lend-lease food is going into the liberated areas in the wake of advancing United Nations forces as an essential element of military operations and in fulfillment of the President's statement of our policy that "No one will go hungry or without

the means of livelihood in any territory occupied by the United Nations, if it is humanly within our power to make the necessary supplies available to them."



# Lend-Lease by Our Allies

The program of lend-lease aid by the United States is being matched by other United Nations to the extent of their available resources, in aid which they render to each other and by lend-lease aid in reverse which they render to the United States without payment by us.

Although no over-all estimated dollar total for such aid is yet available, the following partial figures indicate the magnitude of mutual aid by our allies and their reverse lend-lease aid to us:

(1) The Chancellor of the Exchequer has estimated that up to the first of this year Great Britain had sent to the Soviet Union on a lend-lease basis munitions costing \$680,000,000. These included 3,000 tanks and 2,500 aircraft. In addition the British have provided shipping and convoy services on the Arctic route to Russia, have sent hundreds of thousands of tons of other supplies to the Soviet and have provided much of the equipment for the forces of the governments in exile.

- (2) From June 1, 1942 to April 1 of this year the United Kingdom provided as reverse lend-lease a large quantity of equipment and supplies needed by the American forces stationed there, totalling more than 1,360,000 ship tons. This is exclusive of construction materials used in building installations for American forces which totalled an additional 2.170,000 tons. The United Kingdom government has estimated that the cost of construction of airfields, barracks and other facilities for our forces in the United Kingdom will exceed \$600,000,000. These figures do not include large quantities of supplies provided by the British as reverse lend-lease to American forces in North Africa, India, Egypt, Iran, Iraq, Palestine, Iceland, and many other parts of the world. Nor do they include the value of many services, such as the transportation of American forces. A large proportion of American troops are carried in British ships as reverse lend-lease without payment by us, and a majority of the ships on the convoys to North Africa have been British.
- (3) Canada has provided without payment \$1,000,000,000 worth of military supplies for the fighting forces of the United Kingdom, Russia, Australia, and New Zealand and is now launching a mutual-aid program for a second billion dollars' worth. In proportion to population, a billion dollars' worth of aid from Canada is the equivalent of \$12,000,000,000 of aid from the United States.
- (4) The Australian government has estimated that its expenditures for reverse lend-lease to United States forces in the South and Southwest Pacific theaters will total \$196,000,000 by the end of the current fiscal year, June 30, 1943. This is 10 percent of Australia's total war budget for the period. Last year Australia provided most of the food for our forces there, and this year the Australian reverse lend-lease program calls for many times the amount supplied last year. The New Zealand government has estimated the cost of reciprocal aid to United States forces at \$31,825,000 up to February 28, 1943, and the estimate for the fiscal year ending March 31, 1944, is \$65,000,000.

estimate for the fiscal year ending March 31, 1944, is \$65,000,000. Australia has a population of only 7,000,000 and New Zealand of only 1,650,000 persons. In proportion to popu-

lation their assistance to us represents a much greater share of their war effort than does our assistance to them.

Our forces are also receiving reciprocal aid from the Soviet Union, China, the Union of South Africa, India, and others of the United Nations to the extent that our needs can be supplied by these nations.

# Chapter 2

## LEND-LEASE IN THE THEATERS OF WAR

As the United Nations move forward against the Axis Powers with ever-growing strength, material aid by us and by our allies plays an increasingly vital role in the united strategy of war supply. American soldiers on foreign soil are equipped, fed, clothed, and supplied to a significant extent with the growing quantities of reverse lend-lease aid we are receiving from our allies. Arms, food, industrial materials, and other war supplies flow from the United States and other United Nations to those fronts from which the most damaging blows can be struck at our common enemies.

#### AFRICA AND MIDDLE EAST

In Africa we have dealt the Axis a blow which will lead to further blows that will prove mortal.

Lend-lease shipments to Africa and the Middle East, not including certain lend-lease planes flown away and lend-lease ships sailed away, totalled \$1,000,000,000 from March 11, 1941, to April 1, 1943. Cash purchase shipments to this area totalled an additional \$635,000,000 during the period.

One-sixth of lend-lease shipments to Africa and the Middle East were sent in the first 12 months of lend-lease and five-sixths in the past 12 months. The following table shows the break-down of lend-lease exports to the area by categories for the periods ending April 1, 1942, and April 1, 1943.

Item	March 11, 1941, to April 1, 1942	April 1, 1942, to April 1, 1943
Ordnance Aircraft Tanks Motor Vehicles Watercraft Industrial Products Agricultural Products	29,030,000 6,138,000 36,968,000	\$234,138,000 129,842,000 92,431,000 118,614,000 8,268,000 209,612,000 37,130,000 830,035,000

In the past six months alone lend-lease exports to Africa and the Middle East totalled \$525,000,000, mostly munitions. In addition some lend-lease equipment supplied by the United States and used by the British First Army was sent on from the United Kingdom. Thousands of lend-lease planes and tens of thousands of lend-lease trucks with the British First and Eighth Armies have played an important part in the smashing defeat of Von Arnim's forces in Tunisia. The French forces under General Giraud and the Fighting French under General LeClerc have been largely equipped through lend-lease.

The British have provided our forces with many essential supplies and services ranging from Spitfires for some of our fighter squadrons to medical supplies and most of the coal for the operation of railroads bringing troops and equipment up to the front. Most of the British troops have fought with British equipment and most of the American troops with American equipment, but both have been strengthened by equipment furnished by the other and aided by the very effective participation of French forces in the final offensive, fighting with lend-lease weapons supplied from the United States.

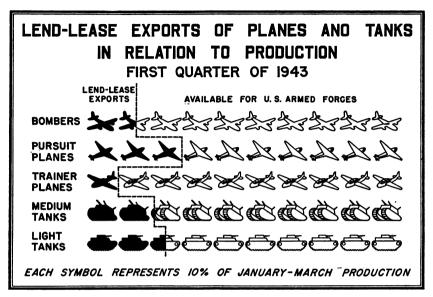
# Civilian Supply in Liberated Areas

Since the invasion last November, lend-lease has had a double job. In addition to the military equipment we have

sent to the United Nations forces there, we have supplied food, clothing, medicines, and other necessities of life for the civilian population behind the lines. These had a value of \$32,205,000 up to April 1 and have been essential to the success of our military operations. Lend-Lease food and medicines are now being distributed to the people of war-torn Tunisia. The British have also sent large quantities of such supplies. We have also sent materials and equipment to aid in restoring the production of strategic and critical raw materials.

Even though the grasp of the Axis on North Africa has now been broken, lend-lease supplies to that area are of continuing importance to the United Nations war effort. We must continue to supply munitions and war equipment to the armies of our French allies in North Africa so that they may be properly trained and equipped to play their part in the invasions to come. We must continue, moreover, to supply the essential civilian needs of North Africa as a military and political necessity. The area is capable of producing large amounts of foodstuffs for the armies of the United Nations fighting in the European theater-foodstuffs which in 1941 provided more than 300,000 tons of fruits and vegetables, 200,000 tons of cereals and other large quantities of food for Vichy France and the Nazis. Before the liberation of North Africa, large amounts of phosphates for fertilizer (North Africa has the only large European source) and other materials vitally needed for farm and munitions production went to the Nazis. It can contribute such critical raw materials as manganese, cobalt, and phosphate to the war production of the United Nations. Cobalt is of particular importance to the United States as a steel alloy for the production of high-speed cutting tools used in the construction of aviation engines, in the manufacture of magnets and for the production of shells and naval armaments.

This area was so completely stripped by the Nazis of food and production equipment that we must send food and other essential civilian supplies until local production can be restored. When these immediate needs have been met, North Africa can produce food both for the inhabitants themselves and for export to the other United Nations as well as vital raw materials for export. Supplies sent now to North Africa will be repaid manyfold in terms of future United Nations supply from that area.



More planes and tanks were exported under lend-lease in the first quarter of 1943 than in the average quarter of 1942. However, the proportion of our total production that was exported was less than in 1942.

In the invasions to come, lend-lease supplies will have a two-fold task: to furnish aid to the invading forces of the United Nations, and to aid the peoples of the liberated areas. Lend-lease will continue to furnish greater and greater amounts of war supplies to the United Nations armies. Lend-lease supplies will also be needed to assist the people of newly liberated areas to help themselves and the United Nations through restoring the production of their farms, factories, and mines.

### Middle East

To the Middle East lend-lease has sent industrial materials and equipment for assembly plants, repair depots, for building roads and railroads, pipe lines and gasoline refineries, airfields and other facilities needed for American and Allied forces and to aid in the transport of supplies to Russia by way of the Persian Gulf area.

Through the Middle East Supply Center we are helping to provide, both on a cash and a lend-lease basis, supplies needed to prevent a break-down of the civilian economy of Iraq, Iran, Egypt, and other countries of the region, although most such requirements have been met by the British Commonwealth. Lend-lease munitions and materials needed for war production and transportation are also going to Turkey from the United States along with British munitions.

#### THE SOVIET UNION

Lend-lease shipments to the Soviet Union to April 1, 1943, totaled \$1,822,000,000, not including many hundreds of planes ferried by air. The lend-lease program for the Soviet Union was not begun until October 1941 and nine-tenths of the total exports to the U. S. S. R. were in the last twelve months, as the following table shows:

ltem	October, 1941, to April 1, 1942	April 1, 1942, to April 1, 1943
Ordnance Aircraft Tanks Motor Vehicles Watercraft Industrial Products Agricultural Products	33,221,000 14,724,000 35,479,000	\$266,093,000 274,991,000 146,599,000 214,643,000 24,921,000 428,775,000 304,035,000
TOTAL	162,221,000	1,660,057,000

Lend-lease shipments to the Soviet Union up to April 1, 1943, totaled 3,500,000 gross tons. In terms of tonnage, shipments were more than one-third again as large in the first three months of 1943 as in the preceding three months, and more than twice the total shipped in the first three months of last year. In the last three months 30 percent of lend-lease

shipments to all areas went to the Soviet Union. We have sent more munitions to date to the Soviet than to the United Kingdom, although shipments to Russia did not start until many months after they began going to Great Britain.

Shipments to Russia of military equipment have included thousands of planes, many tens of thousands of trucks, jeeps, and other military motor vehicles, hundreds of thousands of miles of field telephone wire, several million pair of army boots, and large amounts of other military supplies. Lendlease shipments have also included hundreds of thousands of tons of armor plate, steel, aluminum, copper, zinc, TNT, and chemicals for the production in Russia of planes, tanks, and bombs; electric furnaces, presses, forging hammers, and various types of machine tools for Soviet arms factories; electric power generating equipment for Soviet war industries and quantities of rails and other supplies for railroads and communications.

American forces are not fighting or training on Russian soil but the Soviet Union is providing American ships in Russian ports with emergency fuel, food, medical aid, repairs, and other supplies as lend-lease in reverse.

# Food for the Soviet Army.

More than 1,000,000 tons of food were shipped to Russia up to April 30. More than half of this was sent in the past six months and 40 percent of all Soviet shipments made in March were foodstuffs. Food this year has a shipping priority on a par with planes and trucks on the ships leaving for Russia.

These shipments are necessary in order to maintain the rations of the Soviet Army. The Nazis have held and ravished Russia's best agricultural region—the Ukraine—for two successive growing seasons. The consequent shortages of flour and sugar, of proteins and of fats, have become increasingly serious. The Soviet is making heroic efforts to restore food production in areas liberated from the Nazis and to raise more tood in newly developed regions behind the Urals and far in the interior of Siberia. To aid these efforts, we have sent 10,000 tons of seeds.

#### LENO-LEASE FOOD EXPORTS PERCENTAGE OF OUR SUPPLY **EXPORTED** JANUARY - MARCH AVAILABLE FOR U.S. ARMED FORCES LEND-LEASE **EXPORTS** AND CIVILIANS **@@@@@@@@** ALL MEATS ALL MILK **PRODUCTS** 0000000000 BUTTER CHEESE $oldsymbol{\omega}$ **EGGS** PPPPPPPPP FISH (FROZEN AND CANNED) CANNED FRUITS. **VEGETABLES** DRIED FRUITS \*|BBBBBBBBBBB DRIED BEANS AND PEAS EACH SYMBOL REPRESENTS 10% OF SUPPLY

The food-supply data used in arriving at the above ratios represent one-fourth of the supply for the year 1942.

Principal food shipments have been of wheat and flour, sugar, canned meats, protein-rich dried peas and beans, lard and vegetable oils including margarine and small amounts of butter. Most of the lend-lease shipments of dehydrated vegetables go to the Soviet Union. Shipping food in this form saves vital shipping space on the long routes to Russia.

# Aid by Britain.

Large quantities of military equipment have been sent to the Soviet Union by the United Kingdom, including many supplies produced in Canada. British shipments of planes and tanks have matched our own. The British have also sent hundreds of thousands of tons of other supplies to Russia, among them more than 50,000 tons of crude rubber.

The major part of the job of convoying supplies for Russia over the dangerous Arctic route has been borne by the British Navy and the R. A. F. On the southern or Persian Gulf route the British have aided us in developing transportation facilities through Iran. At the head of the Persian Gulf new docks and lighters, warehouses, assembly depots, and other facilities have enormously multiplied the capacity of once primitive and sleepy ports. Fighter planes and short-range bombers are unloaded, assembled, tested and flown straight to Russia from new airplane assembly plants. The Trans-Iranian railroad, now operated by the United States Army in the south and by the Red Army in the North and using American and British locomotives and freight cars, is carrying to the Russians each month many times the amount of supplies that could be sent over it a year ago. And thousands of American trucks are also taking supplies across Iran on roads that were caravan trails a few months back.

### UNITED KINGDOM

Lend-lease shipments to the United Kingdom totalled \$3,116,000,000 from March 11, 1941, to April 1, 1943. Shipments of essential supplies to the United Kingdom that were purchased for cash totalled \$1,400,000,000 in the same period. In the last three months lend-lease shipments to the United Kingdom were 40 percent of lend-lease exports to all areas.

Of the lend-lease supplies sent to the United Kingdom onethird was shipped in the first year of lend-lease and two-thirds in the second year, as shown by the following table.

ltem	March 11, 1941, to April 1, 1942	April 1, 1942, to April 1, 1943
Ordnance Aircraft Tanks Motor Vehicles Watercraft Industrial Products Agricultural Products	15,412,000 29,059,000 6,055,000 276,147,000	\$361,220,000 160,569,000 88,533,000 64,626,000 65,492,000 695,203,000 794,717,000
TOTAL	886,233,000	2,230,360,000

Bombs, guns, and ammunition make up more than half of lend-lease munitions sent to Britain. Although we have sent a substantial number of planes under lend-lease to the United Kingdom, a much greater quantity has gone to the Soviet Union. This is partly because British factories are producing such great quantities of four-engine bombers and fighters for the air offensive against Axis Europe and partly because the British have paid and are still paying in cash for large numbers of planes under contracts entered into prior to the passage of the Lend-Lease Act. The tanks and trucks which have gone to the British Isles represent less than one-fifth of lend-lease shipments of these articles.

# Supplies for British Arsenals.

The most important categories of industrial supplies sent to Britain have been raw materials, machinery, tools, and other equipment for British munitions production together with petroleum for the RAF and the British Navy.

We have sent quantities of steel and chemicals and smaller amounts of other industrial materials for British production of bombers and the blockbuster bombs, which have been raining on German munitions and railroad centers, and for the building of tanks and transports and destroyers. Our shipments have supplemented much larger quantities of industrial materials both domestically produced and imported from other parts of the British Commonwealth. The war output of British industry is indispensable to supplying United Nations forces.

The British have depended upon us for critical types of machine tools and other production equipment and we have been able to supply these needs, partly because of the early expansion of American machine tool production capacity stimulated by British cash orders placed in 1939 and 1940, before the Lend-Lease Act was passed.

Enormous quantities of gasoline and oil are consumed in the great RAF and American raids on Essen, Dusseldorf, Cologne, Duisburg and other centers of Nazi war production, and by British and allied naval units and convoys operating from the British Isles. Lend-lease shipments of petroleum products have been essential in continuing the air offensive in Europe, and in the continued battle against German submarines and air and surface raiders on the Atlantic.

# Food Shipments

Lend-lease food shipments to the United Kingdom have made up a vital 10 percent of Britain's food supply. Without these shipments it would not have been possible to provide sufficient food to the British people to sustain their intensive war effort. Despite lend-lease food shipments, however, British per capita food consumption is generally below the level of our own. Lend-lease food shipments to the United Kingdom this year have been continuing at about the same level as last year.

Almost all lend-lease food is shipped either to the United Kingdom or to the Soviet Union and lend-lease food shipments to all areas last year were less than six percent of total United States supply. This year, because of increasing Russian shortages and the needs of liberated areas in Europe, lend-lease shipments are expected to increase. How much food we send will depend, of course, upon how much we produce, for the needs of United States armed forces and American civilians

must of course be met. Elsewhere in this report a chart shows the quantities of food shipped to all areas under lend-lease in relation to our supply.

#### Reverse Lend-Lease

American forces in the British Isles are receiving almost all the supplies and services that can be provided on the spot as reverse lend-lease, without payment by us. Such aid is furnished through local supply officers at hundreds of airfields, camps and bases throughout the British Isles. The following table shows the estimated quantities, in ship tons provided to the various services of the United States Army in the United Kingdom from June 1, 1942, to April 1, 1943.

Articles and Equipment:	In ship tons
Engineer Corps	. 249,471
Quartermaster Corps	
Signal Corps	
Ordnance Department	
Transportation Corps	. 3,757
Medical Corps	
Air Force	. 139,541
Miscellaneous Supplies	. 29,541
Total	1,362,681

Construction materials totaled another 2,177,384 tons.

Literally thousands of different types of items have been provided—from barbed wire to kitchen ranges; from artillery and incendiary bombs to locomotives; from parachutes to telephone switchboards; from concrete mixers to Nissen huts; from Spitfires to soft drinks; from antitank mines to underwear and socks.

In addition to these supplies and to facilities turned over without charge to United States forces, the British have provided many services as reverse lend-lease, such as: Sea transport of United States Army personnel and freight, rail and motor transport within the United Kingdom.

Repair and servicing of American ships in British ports not only in the United Kingdom but elsewhere in the Empire.

All official mail, telephone, and telegraph and other communications; light, heat, water, and other public utility services.

British civilian labor directly employed by United States forces and paid by the British varying in number from 12,000 to 25,000 each week.

Maintenance and servicing of Red Cross centers for United States forces.

All expenses for printing newspapers for the United States Army, in the European theatre.

All available British supplies for United States Army Commissary stores (canteens). (The United States Army sells these supplies for cash to American troops and retains the proceeds.)

The British also have provided American forces with considerable quantities of food from their own limited stocks and this year expect to furnish several hundred thousand additional pounds of food, principally the kinds that can be grown in quantity on British soil. The spirit in which this reverse lend-lease is provided is illustrated by the setting aside of much-needed farm land for the production of sweet corn for American troops. Corn is not generally eaten by the British people.

In the first 3 months of 1943 they furnished our forces with 16,251,000 pounds of enriched wheat flour, 5,435,000 pounds of potatoes, 4,920,000 pounds of bread, 7,274,000 pounds of sugar, and 3,500,000 pounds of vegetables as well as many other foodstuffs.

Quantities and statistics do not fully measure the value of reverse lend-lease aid. Recreational facilities including base-

The plane figures do not include the value of certain lend-leased planes which were flight delivered

ball fields and equipment and musical instruments have been provided for our troops. The best hotels have been made available so that our forces can take their leave at the seashore. The value of these services to the morale and health of our troops is incalculable.

### CHINA, INDIA, AUSTRALIA AND NEW ZEALAND

Total lend-lease exports to this area from March 11, 1941, to April 1, 1943, have been \$875,000,000. As shown by the following table about one-eighth of these shipments were made in the period ending April 1, 1942, and seven-eighths in the period ending April 1, 1943:

ltem	March 11, 1941 to April 1, 1942	April 1, 1942 to April 1, 1943
Ordnance Aircraft Tanks Motor Vehicles Watercraft Industrial Products Agricultural Products	37,277,000 4,416,000 31,161,000 68,000 32,276,000	\$194,346,000 101,801,000 112,405,000 81,559,000 6,369,000 207,493,000 32,786,000
TOTAL	138,532,000	736,759,000

More than two-thirds of the supplies shipped to this area have been munitions for United Nations forces in India, China, and Burma and for Australian and New Zealand forces fighting beside the Americans in New Guinea, the Solomons and other parts of the Southwest and South Pacific theaters.

### China

Of the lend-lease supplies shipped to China, some got in over the Burma Road before the Japanese cut that route, others have reached their destinations by other means and still others are stockpiled ready for delivery. These have included critical tools and raw materials to keep in operation Chinese arsenals, and spare parts to keep trucks rolling over the difficult but vital roads in the interior. New land routes are being developed to increase lend-lease shipments into China, and the reopening of the Burma Road is among the strategic objectives of our forces. For their part the Chinese are providing some of the equipment for the growing U. S. Air Forces in China as lend-lease in reverse.

#### India

Lend-lease munitions have been helping to build up the striking power of General Wavell's forces in India, although most of the equipment and supplies for these forces have been provided by the United Kingdom or from India's own substantial war production. Lend-lease machine tools, steel and other materials and equipment are aiding in increasing the Indian output of munitions, in building airfields, and speeding the flow of supplies through Indian ports and on Indian railroads.

American forces in India have received reverse lend-lease aid on a substantial scale. Accommodations of various types have been made available, in addition to the construction of airfields, hospitals and other facilities for our troops. We have received in India millions of gallons of aviation and truck gasoline, and great quantities of lubricating oil, together with utilities, services and items of uniform equipment adapted to tropical climates. We also have received small arms and ammunition, engineers' stores and other equipment for our troops under reverse lend-lease.

### Australia and New Zealand

Australian armored units have fought through New Guinea jungles beside our troops, in tanks provided by the United States under lend-lease. In turn, most of the food needed by our forces has been provided by Australia and New Zealand under lend-lease in reverse. Severe civilian shortages of a number of foods have resulted in both countries but the reciprocal aid program has been maintained and is being greatly expanded this year.

Australia is manufacturing many items of uniform equipment for our forces and both Australia and New Zealand are expanding their canning and dehydrating facilities in order to provide more field rations for our troops. Lend-lease equipment from the United States is helping to make this possible. Australia is also producing some types of munitions for United States forces with the aid of lend-lease machinery and materials from the United States. Australia and New Zealand have provided our forces with airfields, warehouses, repair shops and barracks as reverse lend-lease. American planes, tanks, and ships are repaired in Australian and New Zealand shops and shipyards.

Rubber tire requirements of American forces are now largely being met by Australian factories on a reverse lend-lease basis. More than 320,000 items of recreational equipment covering everything from baseballs and bats to chess-sets and horse-shoes have been included in the reverse lend-lease program. A number of hospitals, including the newest and finest in Australia, have been turned over to the United States Army for its exclusive use.

New Zealand had spent \$22,000,000 up to February 28, 1943, on a continuing program of construction of hospitals, camps, warehouses and other capital projects for the use of American forces.

#### OTHER AREAS

Lend-lease shipments to other areas totaled \$292,000,000 up to April 1, 1943. This figure included supplies shipped to Canada totalling \$184,000,000. Canada does not receive lend-lease aid from the United States. She buys munitions and other supplies from us and we buy other types of munitions and materials from her for cash. However, some lend-lease supplies are exported to Canada for the use of other United Nations' forces in training there. We have, for example, sent more than 1,000 trainer planes to Canada for British R. A. F., Norwegian, Polish and other student pilot units. Other lend-lease exports to Canada consist of supplies sent for transshipment, principally partially fabricated mu-

nitions items on which production is completed in Canadian plants. The finished products are then sent on from Canada to the United Kingdom, Russia, the Middle East or the Far East, and thus do not appear in the records of United States exports to these areas.

The balance of lend-lease exports to areas other than the four major war zones have gone to Latin America, principally Brazil, to Central America and the Caribbean area.

The following table shows the total of shipments to other areas by category:

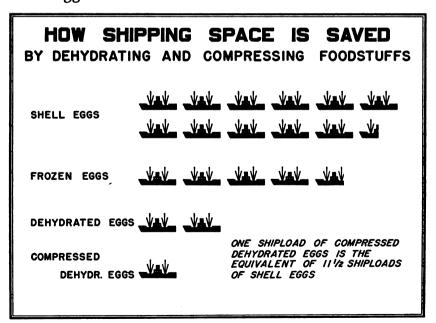
İtems	March 11, 1941, to April 1, 1942	April 1, 1942, to April 1, 1943
Ordnance Aircraft Tanks Motor Vehicles Watercraft Industrial Products Agricultural Products	18,773,000 1,514,000 1,456,000 317,000 8,328,000	\$60,758,000 66,775,000 17,273,000 21,698,000 14,042,000 41,103,000 14,177,000

# Chapter 3

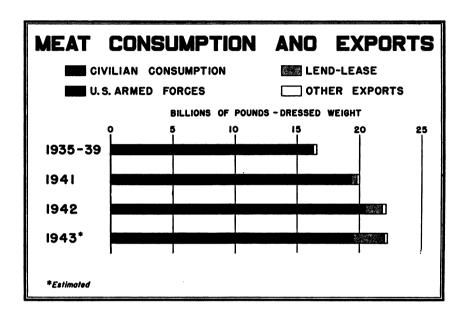
# SPECIAL ACTIVITIES

#### FOOD DEHYDRATION AND COMPRESSION

One of the most striking developments in the field of war supply has been the advancement in the art of dehydrating and compressing foods. Dehydration reduces weight by removing water; compression reduces bulk by removing air. The savings in shipping space which result from eliminating large overseas shipments of "cargoes of air and water" as part of every food shipment can do much to win the battle of transportation. The accompanying chart illustrates the savings of space which can be achieved by dehydration and compression of eggs.



Of the two processes, dehydration was the first to be utilized extensively. During the past six or eight months, various branches of the Government have increasingly turned their attention to food compression and since March the work of all the various agencies has been unified and coordinated and a comprehensive plan developed to improve the compression process and widen its use.



Large quantities of dried eggs and dried milk and smaller quantities of other dehydrated foods have already been shipped under lend-lease. Through March 31 of this year 216,000 tons of dehydrated food had been shipped overseas. Early in April lend-lease made an experimental shipment of compressed dehydrated eggs which represented additional savings in shipping space.

The lend-lease program for the coming year contemplates sending overseas several hundred thousand tons of dehydrated and compressed foods. Application of dehydration and compression to other foods, such as fruit juice, meats, fish, vegetables, and other foods of high nutritive value, is fast reaching the stage where sizeable overseas shipments can be expected.

As a factor in combatting the battle of shipping, food dehydration and compression have great promise. The same number of ship arrivals overseas will mean larger food deliveries. But the advantages of the processes do not end there. Reduction in the bulk and weight of food shipments means savings of critical materials in packing. It means savings in truck, rail, and storage space.

Equally important, the processes substantially reduce perishability of food and will therefore add much needed flexibility to the food supply program. Storage will be facilitated. The time and distance factors in food delivery will be minimized. The lives and health of United Nations fighting forces will benefit, both from the standpoint of improvement in preservation of their food supply and from the standpoint of relief on their overtaxed systems of military transport.

In all its stages, lend-lease has given full support to the dehydration and compression program, both through contribution of ideas and through provision of funds to develop facilities. Orders to fill lend-lease requirements have lent considerable impetus to the expansion of facilities by the processors. Recently, lend-lease has made arrangements with the War Department which should encourage private financing of dehydration and compression facilities.

#### INTERCHANGE OF INVENTIONS

Under the Lend-Lease Act and supplemental international mutual-aid agreements, the United States has encouraged the complete interchange for war use of inventions, industrial processes, and technical information. The weight of our industrial ingenuity has been thrown into the United Nations' pool of war production. The Axis can be crushed only by cooperation of the United Nations on all fronts. Scientific "know how" is one of the most important factors in defeating the Axis, and that knowledge must be shared if we are to achieve early victory.

Great Britian, since the fall of 1940, has afforded the United States royalty-free use in our war production of many important military and industrial inventions, and has given us much needed technical information. Early British battle experience thus conveyed to this country at a time when we were taking our first steps toward total preparedness and were relatively inexperienced in the ways of modern war, has contributed immeasurably to the effectiveness of the tanks, airplanes, and other weapons which we now produce. Similarly, the U. S. S. R. has furnished us valuable technical military information. We are also receiving the benefits of its research in synthetic rubber manufacture and the extraction of rubber from rubber-bearing plants at a time when military reverses have cut off our supply of crude rubber.

The procedure for interchange of inventions under lendlease and reverse lend-lease between this country and Great Britain was formalized on August 24, 1942. Pursuant to the agreement and with full protection to its citizens, each government procures from its nationals at its own expense and makes available to the other government for war purposes patented and unpatented inventions, processes and information requested by the other government. Centralization in the two governments of these functions of making requests for procuring and interchanging patent rights and technical information has been of great practical value in saving time and making possible a well-coordinated technical program. The development of procedures and policies for further facilitating interchange under the agreement is the responsibility of a Joint Committee which meets in Washington and makes recommendations concerning problems which arise in the administration of the agreement.

# **APPENDICES**

# Appendix I LEND-LEASE ACT

Further to promote the defense of the United States, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "An Act to Promote the Defense of the United States."

#### Section 2.

As used in this Act—

(a) The term "defense article" means—

(1) Any weapon, munition, aircraft, vessel, or boat;

(2) Any machinery, facility, tool, material, or supply necessary for the manufacture, production, processing, repair, servicing, or operation of any article described in this subsection;

(3) Any component material or part of or equipment for any article

described in this subsection;

(4) Any agricultural, industrial or other commodity or article for defense.

Such term "defense article" includes any article described in this subsection manufactured or procured pursuant to section 3, or to which the United States or any foreign government has or hereafter acquires title, possession, or control.

(b) The term "defense information" means any plan, specification, design, prototype, or information pertaining to any defense article.

#### Section 3.

- (a) Notwithstanding the provisions of any other law, the President may, from time to time, when he deems it in the interest of national defense, authorize the Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government—
  - (1) To manufacture in arsenals, factories, and shippards under their jurisdiction, or otherwise procure, to the extent to which funds are

made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for the government of any country whose defense the President deems vital to the defense of the United States.

- (2) To sell, transfer title to, exchange, lease, lend, or otherwise dispose of, to any such government any defense article, but no defense article not manufactured or procured under paragraph (1) shall in any way be disposed of under this paragraph, except after consultation with the Chief of Staff of the Army or the Chief of Naval Operations of the Navy, or both. The value of defense articles disposed of in any way under authority of this paragraph, and procured from funds heretofore appropriated, shall not exceed \$1,300,000,000. The value of such defense articles shall be determined by the head of the department or agency concerned or such other department, agency, or officer as shall be designated in the manner provided in the rules and regulations issued hereunder. Defense articles procured from funds hereafter appropriated to any department or agency of the Government, other than from funds authorized to be appropriated under this Act, shall not be disposed of in any way under authority of this paragraph except to the extent hereafter authorized by the Congress in the Acts appropriating such funds or otherwise.
- (3) To test, inspect, prove, repair, outfit, recondition, or otherwise to place in good working order, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress or both, any defense article for any such government, or to procure any or all such services by private contract.

(4) To communicate to any such government any defense information, pertaining to any defense article furnished to such government

under paragraph (2) of this subsection.

- (5) To release for export any defense article disposed of in any way under this subsection to any such government.
- (b) The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory.
- (c) After June 30, 1943, or after the passage of a concurrent resolution by the two Houses before June 30, 1943, which declares that the powers conferred by or pursuant to subsection (a) are no longer necessary to promote the defense of the United States, neither the President nor the head of any department or agency shall exercise any of the powers conferred by or pursuant to subsection (a); except that until July 1, 1946, any of such powers may be exercised to the extent necessary to carry out a contract or agreement with such a foreign government made before July 1, 1943, or before the passage of such concurrent resolution, whichever is the earlier.

(d) Nothing in this Act shall be construed to authorize or to permit the authorization of convoying vessels by naval vessels of the United States.

(e) Nothing in this Act shall be construed to authorize or to permit the authorization of the entry of any American vessel into a combat area in violation of section 3 of the Neutrality Act of 1939.

#### Section 4.

All contracts or agreements made for the disposition of any defense article or defense information pursuant to section 3 shall contain a clause by which the foreign government undertakes that it will not, without the consent of the President, transfer title to or possession of such defense article or defense information by gift, sale, or otherwise, or permit its use by anyone not an officer, employee, or agent of such foreign government.

#### Section 5.

(a) The Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government involved shall, when any such defense article or defense information is exported, immediately inform the department or agency designated by the President to administer section 6 of the Act of July 2, 1940 (54 Stat. 714), of the quantities, character, value, terms of disposition, and destination of the article and information so exported.

(b) The President from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose. Reports provided for under this subsection shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of

Representatives, as the case may be, is not in session.

#### Section 6.

- (a) There is hereby authorized to be appropriated from time to time, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to carry out the provisions and accomplish the purposes of this Act.
- (b) All money and all property which is converted into money received under section 3 from any government shall, with the approval of the Director of the Budget, revert to the respective appropriation or appropriations out of which funds were expended with respect to the defense article or defense information for which such consideration is received, and shall be available for expenditure for the purpose for which such expended funds were appropriated by law, during the fiscal year in which such funds are received and the ensuing fiscal year; but in no event shall any funds so received be available for expenditure after June 30, 1946.

#### Section 7.

The Secretary of War, the Secretary of the Navy, and the head of the department or agency shall in all contracts or agreements for the disposition of any defense article or defense information fully protect the rights of all

citizens of the United States who have patent rights in and to any such article or information which is hereby authorized to be disposed of and the payments collected for royalties on such patents shall be paid to the owner and holders of such patents.

#### Section 8.

The Secretaries of War and of the Navy are hereby authorized to purchase or otherwise acquire arms, ammunition, and implements of war produced within the jurisdiction of any country to which section 3 is applicable, whenever the President deems such purchase or acquisition to be necessary in the interests of the defense of the United States.

#### Section 9.

The President may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out any of the provisions of this Act; and he may exercise any power or authority conferred on him by this Act through such department, agency, or officer as he shall direct.

#### Section 10.

Nothing in this Act shall be construed to change existing law relating to the use of the land and naval forces of the United States, except insofar as such use relates to the manufacture, procurement, and repair of defense articles, the communication of information and other noncombatant purposes enumerated in this Act.

#### Section 11.

If any provision of this Act or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances shall not be affected thereby.

Approved, March 11, 1941.



On March 11, 1943, after affirmative votes of 407-6 in the House of Representatives and 82-0 in the Senate, the President signed the act extending the Lend-Lease Act for 1 year.

# Appendix II

### AMOUNTS OF LEND-LEASE AID AUTHORIZED

The amount of lend-lease aid that may be provided under the various acts is summarized as follows:

Lend-Lease Appropriations to the President

Transfers Authorized From Other Appropriations

First Lend-Lease Appropriation	\$7,000,000,000
Second Lend-Lease Appropriation	5,985,000,000
Third Lend-Lease Appropriation (Fifth Supp. 1942)	5,425,000,000

Transition 7 (Unionized From Cine) 7 (ppropriations	
War Department—Third Supplemental, 1942	\$2,000,000,000
War Department—Fourth Supplemental, 1942	4,000,000,000
War Department—Fifth Supplemental, 1942	11,250,000,000
War Department—Sixth Supplemental, 1942	2,220,000,000
War Department—Military Appropriation Act, 1943	12,700,000,000
Navy Department—Second Supplemental, 1943	3,000,000,000
Departments other than War—Third Supplemental, 1942.	800,000,000

NOTE.—In addition to the foregoing, Congress has with certain limitations authorized the leasing of ships of the Navy and merchant ships constructed with funds appropriated to the Maritime Commission without any numerical limitation as to the dollar value or the number of such ships which may be so leased. (See for example, Public Law 1, 78th Congress, approved February 19, 1943, and Public Law 11, 78th Congress, approved March 18, 1943.)

# Appendix III

# STATUS OF NATIONS

# Lend-Lease Countries and United Nations

# Dates of Signing of Agreements

· Country	Declared Eligible for Lend-Lease Aid	Lend-Lease Agreement Signed	Reciprocal Lend-Lease Agreement Signed	United Nations Declaration Signed
Argentina	May 6, 1941 Nov. 11, 1941 June 13, 1941 May 6, 1941 May 6, 1941	Feb. 23, 1942 June 16, 1942 Dec. 6, 1941 Mar. 3, 1942	Sept. 3, 1942 Jan. 30, 1943	Jan. 1, 1942 Feb. 6, 1943
Canada	Nov. 11, 1941 May 6, 1941	Mar. 2, 1943 June 2, 1942 Mar. 17, 1942 Jan. 16, 1942		Jan. 1, 1942
Cuba	May 6, 1941 Jan. 5, 1942 May 6, 1941 May 6, 1941	Nov. 7, 1941 July 11, 1942 Aug. 2, 1941 Apr. 6, 1942		Jan. 1, 1942 Jan. 1, 1942 Jan. 1, 1942
EgyptEl Salvador EthiopiaFighting France	Nov. 11, 1941 May 6, 1941 Dec. 7, 1942 Nov. 11, 1941 Mar. 11, 1941	Feb. 2, 1942 July 10, 1942	Sept. 3, 1942	Jan. 1, 1942 Oct. 9, 1942 Jan. 1, 1942
Guatemala Haiti Honduras Iceland	May 6, 1941 May 6, 1941 May 6, 1941 July 1, 1941	Nov. 16, 1942 Sept. 16, 1941 Feb. 28, 1942 Nov. 21, 1941		Jan. 1, 1942 Jan. 1, 1942 Jan. 1, 1942
India Iran Iraq Liberia Luxembourg Mexico	May 1, 1942 Mar. 10, 1942			Jan. 16, 1943

Country	Declared Eligible for Lend-Lease Aid	Lend-Lease Agreement Signed	Reciprocal Lend-Lease Agreement Signed	United Nations Declaration Signed
Netherlands New Zealand Nicaragua Norway Panama Paraguay Peru Philippines Poland Saudi Arabia South Africa Turkey United Kingdom United States U. S. S. R. Uruguay Venezuela Yugoslavia	Nov. 11, 1941 May 6, 1941 June 4, 1941 May 6, 1941 May 6, 1941 May 6, 1941 Aug. 28, 1941 Feb. 18, 1943 Nov. 11, 1941 Nov. 7, 1941 Mar. 11, 1941 Nov. 7, 1941 May 6, 1941	July 8, 1942 Feb. 23, 1942 Oct. 16, 1941 July 11, 1942 Sept. 20, 1941 Mar. 11, 1942 July 1, 1942 July 1, 1942 June 11, 1942 Jan. 13, 1942 July 24, 1942 July 24, 1942		Jan. 1, 1942 Jan. 1, 1942 Jan. 1, 1942 Jan. 1, 1942 Jan. 1, 1942 Jan. 1, 1942 Jan. 1, 1942 Jan. 1, 1942 Jan. 1, 1942 Jan. 1, 1942